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AUSTRIA

2004

Country Commercial Guide



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CHAPTER 1 EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at Austria's commercial environment, via economic, political and market analysis. This guide is provided for use by U.S. companies wishing to do business in Austria. The CCG is prepared annually at the U.S. Embassy in Vienna through the combined efforts of several United States government agencies.

Austria, with a population of 8.1 million, is a small and relatively dynamic EU member country offering export opportunities and an investment market for U.S. companies of all sizes. It tends to be overlooked as a place for viable business opportunities, mainly because of the large German market next door, with ten times the population. Austria offers some attractive features as an investment location, and recent Austrian governments have sought to increase that attractiveness through economic reforms.

U.S. companies sometimes presume that their representative in Germany can cover the Austrian market since Austria is German-speaking and closely linked to the German economy. This assumption is not always correct however. In addition, many companies located here do not even focus on the Austrian market, but on the markets of Central, Eastern, and Southeastern Europe, and even Central Asia.

To overlook Austria would be to overlook one of the world's richest nations. Austria is a good test market for products or services and is often used as such by companies seeking access to European markets. Doing business in Austria has its advantages. This introduction briefly explores four that are particularly relevant in 2004.

First, Austria is an international crossroads, bordering on eight European countries: Germany, Italy, Switzerland, Slovenia, Hungary, Slovakia, the Czech Republic, and Liechtenstein. All four of Austria's Eastern neighbors will join the EU in May 2004 (Czech Republic, Slovakia, Slovenia, and Hungary). Now on the frontier, Austria will soon be in a more central position in Europe. It will also face more competition in offering U.S. companies access to growing markets in Central and Eastern Europe. This is generally the view of the approximately 360 U.S. firms that are using Vienna as a regional base of operations and many U.S. exporters working with and through Austrian companies to exploit Austrian contact to the East. Partnerships with Austrian firms with a presence in those markets may be an attractive option for some U.S. companies.

Second, Austria's economy is well diversified and relatively resilient. The government is seeking to remain competitive by pursuing investment in high potential industries such as telecommunications, non-agricultural biotechnology, medical and pharmaceutical research, and electronics. For U.S. companies in these industry sectors, Austria represents a good opportunity for export, joint venturing, and investment. Chapter 5 of this Country Commercial Guide contains more information on individual sectors and opportunities for export, and Chapter 7 focuses on the investment climate.

Third, Austria is a member of the EU and the Euro zone. On January 1, 2002 the EU introduced the Euro, and the use of this common currency has already facilitated trade and promoted economic stability for U.S. companies to manage pricing, balance accounts, and move products in Austria and throughout EU member countries. An unfavorable exchange rate for U.S. exporters turned positive in 2003, and U.S. goods should be able to compete on more favorable terms for the near term. One of the drawbacks to Austria's EU membership is that the plethora of EU directives coming out of Brussels are not always readily implemented in Austria. A U.S. company may find this uneven implementation to be frustrating.

Fourth, the United States is Austria's third largest supplier of imports and largest trade partner outside of Europe. U.S. companies entering the market for the first time will benefit from the strong trade of goods and services already established between the two countries. U.S. exports to Austria fell 7% from 2001 to 2002 while U.S. imports from Austria fell 4% over the same period, reflecting slow growth on both sides of the Atlantic. Austria is a highly competitive market with high demands for quality, service and price. U.S. products and services can compete with German or other EU-member countries. However, Austrian buyers often do decide to go with the seller who is closest and who speaks their language.

The Commercial Service of the U.S. Embassy in Vienna (CS Vienna) can assist you find your market in Austria. We offer a variety of programs that have a proven track record in Commercial Service offices around the world; such as finding agents, distributors, joint venture partners, compiling customized market research, providing counseling and advocacy, and product and service promotion at trade shows and through other venues. Our experienced industry specialists in Vienna can provide your company with the insights, guidance and contacts needed to launch a successful sales market for your product or service.

Please do not hesitate to contact us through one of our domestically located Export Assistance offices throughout the United States (directory found at www.usatrade.gov) or contact us directly at Tel: 431.313.39 2297, Fax: 431.310.6917, E-mail: Vienna.office.box@mail.doc.gov or visit our website at: www.buyusa.gov/austria/en.

CHAPTER 2 ECONOMIC TRENDS AND OUTLOOK

A. Major Trends and Outlook

Austria is a small, open economy, dependent on foreign trade and closely linked to the economies of other European Union (EU) member states, particularly Germany. Foreign trade and investment ties with Central and Eastern European countries also play an increasingly important role.

In 2001 and 2002, Austria's economy slowed to modest 0.7% and 1.0% growth respectively. The international slowdown dampened Austrian export growth and business investment, while the government's efforts to balance the public sector budget via tax increases affected both public and private households' consumption. Inflation slowed to a rate of 1.8% from 2.7% in 2001. Figures for 2003 thus far show no signs of recovery. Private households' consumption remains dampened, business investment continues to drop, and exports have suffered from Euro appreciation.

The latest available forecasts for 2003 call for growth of 0.7%. This would represent the third consecutive year with growth of one percent or less, the longest slow-growth period in Austria since WWII. Expectations are for the economy to pick up in the second half of 2003, stimulated by a beginning international economic recovery, which should lead to growing exports, and by improving domestic demand, particularly strong business investment after three weak years. However, at projected real rates of 1.2-2.1%, economic growth would remain moderate. While private forecasts project inflation to drop to a rate of 1.3% in 2003 and remain stable in 2004, they also project economic growth rates too low to spark improvements on the labor market. The unemployment rate would stick at about 4.3-4.4% in 2003 and 2004. The forecasters project unit wage costs in Austrian industry, which declined about 3% in the period 2000-2002, to decline again by about one half percent each in 2003 and 2004, so that Austria's international competitiveness will not change markedly.

Austria's 1995 accession to the EU had a positive impact on foreign investment, inflation, and economic growth by providing access to the single market and by fostering liberal policies to promote competition and dismantle protectionism. As one of the eleven founding members of Economic and Monetary Union (EMU), Austria adopted the common "Euro" currency, which fully replaced the Austrian Schilling on March 1, 2002 and is the only legal tender in Austria. With the Euro, Austria no longer faces exchange rate risk with many of its most important foreign trading partners. In 2002, the Euro rose more than 5% against the Dollar. From year-end 2002 to June 2003, the Euro appreciated more than 10% against the Dollar.

The government's effort to balance the consolidated public sector budget met with only transient success. Through tax increases, privatizations, and other one-time measures, the government was able to produce a consolidated public sector budget surplus of 0.3% of GDP in 2001, one year earlier than planned and the first since 1974. However, due to the weak economy and limited progress in implementing lasting structural reforms and spending cuts, the deficit rose to 0.6% of GDP in 2002. The government projects federal deficits of 1.8% of GDP in 2003 and 1.5% in 2004 and corresponding consolidated public sector deficits of 1.3% and 0.7% of GDP. Even though latest economic growth projections are less optimistic than those the government used for its budgets, economists think that sticking to the deficit goal in

2003 will be manageable for the government but difficult. However, due to the projected slow recovery, the consolidated public sector deficit in 2004 will rather be in the area of 0.9-1.2% of GDP. The European Commission criticized the government's 2003-2007 budget program, which projects deficits of 1.5% of GDP in 2005, 1.1% in 2006, and 0.4% in 2007 and thus no balanced consolidated public sector budget during that period.

As part of its effort to reduce the share of taxes in GDP from currently about 45% to 40% by 2010, the government has made a strong political commitment for a substantial tax cut in 2005, however, the slow recovery seems to make this reform no longer viable. Economists warned against accepting a higher deficit in order to carry out the planned tax cut, since Austria already has a rather high consolidated public sector debt of around 68% of GDP, above the 60% required by the EMU's Stability and Growth Pact. Budget consolidation will continue to remain a priority in accordance with the EMU's Stability and Growth Pact, but the government has changed its approach. Rather than strictly pursuing a balanced budget every year, the goal now is to balance the consolidated public sector budget over the economic cycle. Savings will be achieved through administrative reform, curbing government subsidies, division of labor between federal, provincial and local governments, pension reform and health reform.

Foreign investors as well as local businesses still must cope with rigidities, barriers to market entry, and an elaborate regulatory environment in certain sectors. Progress was made in streamlining the permit process, in deregulation and liberalization, particularly in the telecommunications, electricity and gas sectors. However, there is room for improvement. The government intends to move its economic reform program forward with the goal of making the Austrian economy more flexible and creating a more competitive business climate, but faces stiff opposition in Parliament and from various interest groups, depending on the issue.

The economic opening of the Central and Eastern European (CEE) countries has had a stimulative effect on Austria's economy. Austrian firms have invested sizable sums in and continue to move labor intensive low-tech production to these countries. Austrian banks have established extensive networks in the CEE countries. Austria serves as an economic gateway to the CEE, attracting EU firms seeking convenient access to newly emerging markets. However, as a location for foreign investment and regional headquarters, Austria is increasingly under pressure from CEE competition for such investment. The Austrian government, as well as business interests, support the EU's eastern enlargement, but was able to negotiate transition periods for free movement of labor and of services with the enlargement candidates to minimize competitive impacts on the Austrian labor market.

U.S. exports to Austria rose 3% in 2001, but dropped almost 12% in 2002, a consequence of the weak Austrian economy, a general decline in imports and the increasingly stiff competition from European producers, in particular from the countries of Central and Eastern Europe, which is expected to increase further when eight CEE countries (plus Cyprus and Malta) become EU members on May 1, 2004. The U.S. was Austria's third largest foreign supplier after Germany and Italy in 2002, with a market share of 4.8%.

B. Government Role in the Economy

The Austrian government has an ambitious privatization agenda. In line with its privatization initiative presented in spring 2000, the government has already sold 100% of its shares in the Postal Savings Bank and its 41.1% share of the Austrian tobacco company, its 17.38% stake in the Vienna airport company, the Dorotheum auction house and bank, and the Print Media industrial printing concern. Most notably, Austria sold a 38% share in Telekom Austria (TA), which was part of the former postal monopoly and Austria's incumbent telecom company, through an initial private offering (IPO), and an additional 14.8% to Telecom Italia. Near-term goals of the new government's privatization plans include selling off 100% of the shares of the companies Boehler Uddeholm, Voest-Alpine (VA) Technology, Voest-Alpine (VA) steel, Austrian Postal Bus, Austrian Mining Holding, and the remaining government-held shares of Telekom Austria. The Austrian Government views maintaining an Austrian core shareholding by syndicates formed by banks, insurance companies, pension funds and industrial enterprises as desirable. The federal railroads are considered an off-budget item. Plans call for introducing more competition in rail transport by allowing other freight carriers access to the rail infrastructure.

C. Balance of Payments

As a result of Austria's participation in Economic and Monetary Union (EMU) and the Euro currency, the national current account no longer has the importance it had for Austria as a small economy with an autonomous "hard currency" monetary policy. However, national balance of payments data still provide important information on structural problems and foreign trade integration. After steady deficits of about 2.3-3.0% of GDP in the late 1990s, the Austrian current account improved slightly in 2000 and further in 2001, revealing a deficit of Euro 3.9 billion (USD 4.5 billion) or 1.9% of GDP. In 2002, Austria's current account was positive by Euro 1.6 billion (USD 1.8 billion) or 0.7% of GDP, the first surplus in ten years. This was primarily based on a trade surplus, the result of continued growth in exports and decline in imports. Economists do not expect any significant current account improvement or deterioration in 2003 and 2004. Since the expected recovery will lead to growing imports, they project a balanced current account in 2003 and a small deficit of about 0.5% of GDP in 2004. The traditional surplus from tourism is expected to increase further as Austria is expected to benefit as a "safe" vacation destination.

In 2002, the inflow of new foreign direct investment dropped significantly to Euro 1.8 billion (USD 2.1 billion), equal to 0.8% of GDP -- after the record amounts in 2000 and 2001, the lowest since 1995. The dip in 2002 was due to comparison with previous years -- there were no "mega-deals" such as the takeover by foreign investors of Bank Austria in 2000 or Austria tobacco company in 2001 -- and to some actual disinvestment. The value of the foreign direct investment stock in Austria at the end of 2002 was Euro 41.3 billion (USD 47.5 billion), equal to 19.0% of GDP. The capital account did, however, show a continued strong increase of Euro 5.7 billion (USD 6.6 billion) in Austrian direct investment abroad in 2002, again primarily fueled into Central and Eastern European countries.

D. Infrastructure System

Austria has a modern communications and transportation infrastructure. An extensive highway system provides good access to major Western European industrial centers and ports. The Austrian railroad offers efficient passenger and freight service. Modernization plans will include higher-speed rail service in the near future. However, both highway and railroad connections to Austria's neighbors in Central and Eastern Europe, the Czech Republic, Slovakia and Hungary, need considerable improvement and upgrading. The government agreed on a Euro 17 billion (USD 19.6 billion) Infrastructure Plan (over the next 10-15 years) as the next step, but the financing of the plan is unclear. Although Austria has convenient air service to major destinations world-wide, the only carrier offering direct flights from the Vienna International Airport to major U.S. destinations is the Austrian national carrier "Austrian Airlines."

The Austrian telecommunications network is sophisticated and reliable, and even though prices declined in past years, in some areas is still expensive by U.S. standards. The use of mobile phones is particularly widespread in Austria, with 81% of the population using a mobile phone in 2002 (second in Europe after Norway).

In the first quarter of 2003, about 57% of the Austrian population (above the age of 14) had permanent Internet access (only a slight increase on last year's level, but above European average), 48 % from home, 29% (in 2002) are using broadband technologies. Internet shopping is far less popular but also increasing. 25% are saying that they "have already shopped over the Internet Only 5% purchase goods on-line regularly. Internet access is becoming increasingly important among businesses, with 85% of all firms and companies currently on-line and 65% with their own homepage.

CHAPTER 3 POLITICAL ENVIRONMENT

A. Nature of the Political Relationship with the U.S.

Austria has enjoyed good bilateral relations with the United States over the past several decades. Most of Austria's political leaders and many Austrians recognize and appreciate the essential role played by U.S. economic assistance under the Marshall Plan after World War II, and the role played by the United States in promoting the conclusion of the Austrian State Treaty of 1955. This treaty ended the four-power occupation following World War II and established Austria as an independent state. The generations that recall these events, however, are aging.

Austria maintains an embassy at 3524 International Court, NW, Washington, D.C. 2008 (Tel. 202-895-6700). Consulates are located in New York, Chicago and Los Angeles, with honorary consulates in Atlanta, Boston, Buffalo, Charlotte, Columbus, Denver, Detroit, Honolulu, Houston, Kansas City, Miami, New Orleans, Philadelphia, Pittsburgh, San Francisco, San Juan, Seattle, St. Louis and St. Paul.

B. Major Political Issues Affecting the Business Climate

The government consists of a center-right coalition between the conservative People's Party (OVP) and the populist Freedom Party (FPO).

Following the breakup of the first OVP-FPO coalition in fall 2002, the OVP won the November 2002 parliamentary elections, overtaking the Social Democratic Party (SPO). Following lengthy coalition negotiations, the OVP reentered a coalition with the FPO. In its first months, the coalition passed major legislation of interest to investors, including pension reform and expansion of shop-opening hours.

Austria has based its foreign policy on the concept of neutrality since the 1955 State Treaty. In 1995, Austria joined NATO's Partnership for Peace and the EU. Austria's participation in evolving EU security and defense cooperation has necessitated some redefinition of neutrality.

Austrian leaders emphasize the unique role the country still plays as a link between West and East and as a frontier state in EU enlargement. Austria is active in the United Nations and in UN peacekeeping efforts including SFOR and KFOR.

Vienna is the headquarters of important international organizations like the Organization for Security and Cooperation in Europe (OSCE), the International Atomic Energy Agency (IAEA), the UN Industrial Development Organization (UNIDO), the Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), the International Institute for Applied Systems Analysis (IIASA), the Organization of Petroleum Exporting Countries (OPEC), the Wassenaar Arrangement (WA), and a branch office of the European Patent Office (EPO).

C. Civil Society

In the postwar decades, the so-called "Social Partners" dominated the Austrian political-economic system. They include the mandatory membership Labor Chamber (for all employees), Economic Chamber (for all businesses) and Agriculture Chamber. These bodies have had both a formal and informal consultative role on major economic policy decisions, in order to defuse potential social and economic conflicts. While this led to virtually no strikes in Austria in the postwar era, the Social Partnership was criticized for slowing or blocking needed reforms. OVP-FPO governments have gradually shifted social and economic decision making away from the social partners to Parliament. However the social partners continue to insist on their consultative role on reforms, and the unions have stepped up protest actions and strikes in response to government reform initiatives.

Politics sometimes intrudes on business decisions. Government procurement decisions often indicate a pro-EU bias, according to U.S. firms, especially in defense procurements.

Non-governmental organizations (NGO's) are becoming more influential in many political fields in Austria, ranging from the environment and consumer protection to human rights issues.

Austria maintains a constant exchange of business representatives, students, cultural groups and tourists with the countries of Central and Eastern Europe. The Austrian government and various Austrian organizations, including business and labor, provide assistance and training to support constructive changes in this region.

D. Synopsis of the Political System

Austria is a parliamentary democracy. The Chancellor is the Head of Government and the President is the Head of State. The President – who is elected every 6 years directly by the people – formally gives a mandate to the prospective Chancellor to form the government. The Federal Assembly (Parliament) is composed of two houses – the National Council (Nationalrat) or the lower house, and the Federal Council (Bundesrat) or upper house. Virtually all legislative authority, however, is concentrated in the National Council, whose 183 members are elected according to a system of proportional representation and party affiliation, including a threshold of 4 percent for any party to enter parliament. Elections must be held every four years. The next elections are scheduled for the fall 2006. The National Council may dissolve itself before the end of four years by a simple majority vote, or the Federal President may dissolve it on the recommendation of the Chancellor. The Federal Council consists of 62 members elected by the legislatures of the nine provinces. It is effectively restricted to reviewing legislation passed by the National Council.

The highest courts of Austria's independent judiciary are the Constitutional Court, which has jurisdiction over constitutional matters; the Administrative Court, which handles bureaucratic disputes; and the Supreme Court, for civil and criminal cases. Justices of all three courts are appointed by the president for life terms.

Austria is a federal system in which the nine Laender (provinces) have a considerable share of political and administrative power, including welfare and environmental matters, and ownership of land. Although most authority still rests with the federal government, the provinces are responsible for the implementation of the

majority of federal laws and the supervision of local administrations. The provinces are headed by governors elected by the provincial legislatures on the basis of the popular vote. They meet regularly in an informal governors' conference, which makes recommendations for federal legislation concerning the provinces. There is an ongoing debate on re-distribution of legislative powers between the EU bodies, the federal government and the provinces, and as of July of 2003 a constitutional convention was formed to review governmental structures. The convention's recommendations are due within a year.

Principal officials:

Federal President: Thomas Klestil
Federal Chancellor: Wolfgang Schuessel
Vice Chancellor: Herbert Haupt
Foreign Minister: Benita Ferrero-Waldner
Ambassador to the United States: Peter Moser
Ambassador-designate to the United States: Eva Nowotny
Ambassador to the United Nations: Gerhard Pfanzelter

Austria has enjoyed political stability since World War II. Until the 1980s, the two major parties, the Social Democrats (SPO) and the People's Party (OVP) had the support of more than 90 percent of the electorate and formed coalition governments from through much of Austria's post-war history. By 1999, however, the populist right-wing Freedom Party (FPO) had established itself as a mid-sized party, overtaking even the OVP in that year's elections. In the 2002 elections, the FPO again lost heavily, though, and came in third, with 10 percent of the vote. The OVP became the leading political power, with over 42 percent.

The OVP's traditional constituency has been among farmers, large and small businesses, and Catholic lay groups. Its center of strength is rural Austria. In economic matters, the party advocates conservative financial policies and privatization of much of Austria's nationalized industry.

The SPO, which garnered nearly 37 percent of the vote in the 2002 elections, traditionally draws its constituency and much of its strength from urban and industrial areas. In the past decade, the party has attempted to shift its focus from support for state-run, interventionist economic policies to a somewhat more market-oriented approach. However, it continues to advocate only moderate changes in the comprehensive, but expensive social welfare system.

The FPO grew by attracting protest voters who had become disenchanted with the two major parties. However, many of these voters abandoned the FPO in the 2002 elections.

In the 2002 elections, 9.5 percent voted for the Greens. This center-left party focuses on environmental and social issues.

CHAPTER 4 MARKETING U.S. PRODUCTS AND SERVICES

A. Distribution and Sales Channels

Austria enjoys a multitude of distribution and sales channels, including traditional wholesale distribution and retailing, catalog and e-commerce channels, direct marketing methods, franchising, joint ventures and other licensing agreements.

It may be useful to think of Austria in terms of the following five marketing or distribution areas:

- 1) Vienna and vicinity: the business and government center and most populous part of Austria;
- 2) Pre-alpine provinces: Styria, Lower Austria, and Upper Austria, where most industrial and agricultural production takes place;
- 3) Alpine provinces: Carinthia, Tyrol, and Salzburg, which rely heavily on tourism;
- 4) Vorarlberg in the far-western Alps on the Swiss border, which has a small but wealthy population; and
- 5) The eastern flatlands of Burgenland: the least developed part of Austria.

Many Austrian firms distribute to the neighboring markets of Central and Eastern Europe at the wholesale level, and some Austrian retail chains are beginning to build up networks in those countries as well. By the same token, German and international retail giants have been building up their presence in Austria over the past several years.

B. Product Pricing Structures

Even when concentrating on importers of U.S. products, there is no uniform product pricing structure in Austria. Importers may receive their products from central distribution centers in the European Union (EU), directly from the United States, or from third markets. The number of resellers depends on the size of the market and the nature of the product. The one thing that is to be noted is the Value Added Tax (VAT) of 20% for most items, which is tacked onto the price and ultimately paid by the consumer.

C. Retail Trends

Austrian retailing is well into a long overdue modernization. Austria's accession to the EU in 1995 was a major impetus for change, bringing reforms in the regulatory environment, giving consumers the freedom to shop in neighboring EU countries, and opening the borders completely to the retail giants of neighboring Germany. What was once a highly regulated and protected environment that supported thousands of small shops and boutiques (with restricted opening hours, a limited selection, and high prices) is now slowly becoming a modern, consumer-oriented and market-driven retail environment that favors major chains and mega-stores. Price competition is accelerating, and concentration in most retail sectors is high and increasing as the giants either merge or buy each other out in their battle for market share. The losers are the small shops and boutiques that make up over 80% of all retail Austrian enterprises, but account for a rapidly shrinking market share.

Operating Hours:

One of the most important limitations on consumer behavior has been the slow liberalization of Austria's strictly regulated shopping hours. Despite incremental improvement, Austria still has the most restrictive shopping hours in all of Western Europe. Most stores may only stay open a maximum of 66 hours per week, and these hours must be between 6:00 AM and 7:30 PM Monday through Friday, and 6:00 AM to 5:00 PM on Saturdays. A new federal law recently passed the Austrian parliament whereby stores have the possibility to stay open between 5:00 a.m. and 9:00 p.m., at the discretion of each provincial government. With a few exceptions, primarily for tourism areas, stores must stay closed on Sundays and holidays. A few brave storeowners in the Vienna area have challenged the Sunday closing requirement, but stiff fines have prevented this movement from gaining momentum. As a result, consumers have less time to spend on comparison or recreational shopping.

Convenience Stores:

An exception to the restricted opening hours exists for so-called convenience stores, which are allowed to sell food items for immediate consumption outside the standard opening hours. Gas stations with attached shops in particular have discovered this to be a wonderful source of additional income with attached shops. However, these establishments are not to exceed 80m² in size and the only products they are allowed to sell outside the standard opening hours are food and drink for immediate consumption, as well as items that could conceivably be needed for travel.

Direct Marketing:

Within limits set by Austrian law, telephone and direct mail solicitation are very much in evidence in Austria. Some U.S. companies, including Tupperware and Amway, have established themselves in the Austrian market with multi-level marketing systems.

Catalog Shopping:

Catalog shopping sales have been stagnating for the past several years, in fact, ever since the first and most consequential relaxation of store opening hours. Sales are still a respectable \$1 billion annually. Market leaders are Quelle/Neckermann and Otto/Universal, both German origin, with a share of over 70%. Newcomer La Redoute is still building market presence. The most growth is seen in smaller specialty catalogs that offer hard to find luxury and specialty goods.

Electronic Commerce:

E-commerce is the fastest growing shopping form in Austria. The most recent figures (summer 2003) show that 37% of all Austrians between the ages of 16 and 75 use the internet, and that 31% of Austrian households (around 1 million) have internet access at home. The average Internet user is younger, wealthier and better educated than the population at large, with the lowest usage rates among the elderly over 60. Of internet users, 29% or 600,000 people have made at least one online purchase (up from 20% in 2000). The most common items bought are books, magazines, and hotel rooms or vacations. 22% of internet shoppers spent between 30 and 99 Euros between April and June 2002, and 15% spent between 300 and 499 in that time frame.

D. Use of Agents/ Distributors; Finding a Partner

Qualified Austrian agents and distributors can be found for nearly every kind of product.

Finding Austrian partners for U.S. businesses is the primary goal of the U.S. Commercial Service, and for Austria, this duty lies with our office in Vienna (CS Vienna). This office, located at the U.S. Embassy in Vienna, is an ideal starting point for any partner search in Austria, be it for an agent, a wholesaler, licensee, franchisee, joint-venture partner, or end-user. CS Vienna can be contacted directly (email: vienna.office.box@mail.doc.gov; fax: +43.1.310.6917; phone: +43.1.313.39.2243), through our website www.buyusa.gov/austria, or through an U.S. Department of Commerce Export Assistance Center in the United States (a complete listing of can be found at: www.export.gov/commercialservice).

E. Franchising

Franchising is still a relatively small factor in the Austrian economy, though it continues to demonstrate reputable growth. It is estimated that franchising accounts for less than 5 percent of total retail sales (compared to around 50 percent in the United States). The past ten years have seen the total number of franchise systems in Austria increase dramatically, from under 50 at the end of the 1980's to over 300 today, though growth rates have been stagnating the past few years as the economy has slowed.

Around half of the franchise systems operating in this country are of local origin. The top foreign participant in the Austrian franchising economy is Germany, with around 25 percent of the franchise systems, followed by the United States, with about 10 percent of all the systems operating in Austria. While most German operations either set up a company headquarters in Austria or franchise direct over the (EU internal) border, most American companies choose to expand their operations in Austria through a master franchise partner, a solution that has had mixed results.

Some of the best prospects for franchising include business and personal services, schooling and training, and specialty retailing.

The Austrian Franchise Association collects data, maintains an informative web site, and co-organizes seminars as well as a yearly trade show:

Österreichischer Franchiseverband
Mag. Waltraud Frauenhuber
Bayerhamerstraße 12/1
A-5020 Salzburg
Tel.: +43-662-874236-0
Fax: +43-662-874236-5
E-Mail: oefv@franchise.at
http: www.franchise.at

F. Joint Ventures and Licensing

Joint ventures and licensed production arrangements in Austria offer U.S. firms several advantages, including free access to the European Union market, improved access to Central and Eastern European markets, reduction of transportation costs to European destinations, and high quality production. Joint ventures may be formed as companies, partnerships, or other legal entities.

Austrian companies are receptive to licensing arrangements, especially as a source of technology. Royalty and license fee payments may be freely transferred out of Austria.

In addition to the assistance offered by the U.S. Commercial Service in Vienna, U.S. firms seeking joint venture or license partners in Austria will receive valuable information from the Austrian Government's investment organization:

Austrian Business Agency
Opernring 3, A-1010 Vienna, Austria
Tel. (43 1) 588 58-12
Fax: (43 1) 586 8659
Contact Point for North America: Richard Schuhmertl
Web: www.aba.gv.at

G. Steps to Establishing an Office

Establishing a business in Austria is a bureaucratic maze, despite recent efforts to reduce the paperwork involved. Some regions have moved to set up one-stop shops for entrepreneurs, but the jury is still out on how much of the red tape these new offices can really eliminate. Your first step should certainly be to contact this office!

Most business activities in Austria are regulated, and require that a separate application be made for a business license (Gewerbeschein) and registration in the commercial register (Firmenbuch). Evidence of proficiency is required for most businesses; usually a passing score on an examination or evidence of prior experience in the field is sufficient. For business activities that do not require proof of proficiency, the business license is granted automatically upon registration of the business.

There are several options available to the investor when deciding on the legal form of an Austrian office, including public corporations, limited liability companies, limited or unlimited commercial partnerships, silent partnerships, branches of foreign enterprises, cooperative societies, and sole proprietorships. Most foreign-owned businesses choose to operate as a limited liability private company (Gesellschaft mit beschraenkter Haftung or Ges.m.b.H.).

H. Selling Factors and Techniques

Possibly due to the many years of shortage during World War II and the post-war period, and certainly due to their monarchical authoritarian history, the typical buyer-seller relationship in Austria can best be characterized as "demand-pull", i.e., the customer wants or needs something and is thus at a disadvantage. The seller has the item that the customer wants, and is therefore in a position of power. That several sellers may be competing for the same customer's business, or that the seller needs customers in order to turn his goods into revenue, is known in theory but this knowledge has not quite trickled down into the interpersonal relationships between sales staff and their customers.

Though there is certainly no need to imitate this typical Austrian style of sales, it should indicate some limits to what could be characterized as typical American practices. Highly choreographed and high-pressure sales techniques, for example, or hearty friendliness to someone just met, are absolutely alien to Austria, and are an almost guaranteed way to bring an early end to negotiations.

A second consideration is the price/quality question. Ever more sectors are becoming heavily price-driven, a development that has accelerated with the economic slowdown of the past several years. Where once quality and personal relationships played a larger role in purchasing decisions, focus has shifted to the bottom line.

I. Advertising and Trade Promotion

The economic slowdown has left its mark on the local advertising industry, which experienced a fall of 1.7% to 2.012 billion Euro in 2002 after nearly two decades of high growth. The distribution of advertising Euros has not changed much.

Print media:

Daily papers, regional publications, magazines, industry publications and other print media account for more than half of all advertising spending.

Television:

TV accounts for around 22% of the advertising pie. It is only in 2003 that the first private Austrian television network started operations – most viewers watch one of the two state television channels. Currently, 42% of Austrian households also receive satellite programming and 37% are hooked up to cable. Thus advertising in Germany is being consumed in Austria, and, to some extent, special Austria advertising windows are being built into cable programming.

Radio:

Radio advertising accounts for just over 7% of advertising spending, a significant fall from the boom years of 1997 and 1998 when Austria liberalized access to radio frequencies and the first private radio stations went on the air. All currently operating private radio stations are owned by large media concerns. Austrian National Broadcasting operates several national and regional radio stations, including the national market leader.

Other advertising venues:

Direct mail accounts for around 8 percent of advertising spending, and billboard advertising remains a constant feature of Austrian marketing with around 7 percent of advertising spending.

Truth in Advertising:

A Consumer Forum has been established in the Austrian Economics Ministry. The forum comprises representatives of political parties, business organizations, labor unions, and business associations. A subcommittee for commercial advertising examines posters, TV, radio and newspaper ads, and entire sales campaigns, with regard to their truthfulness, information value and ethnic sensitivity. The forum can initiate proceedings against advertisers who make false claims. Anyone transgressing established commercial usage laws may be sued. The government recently lifted the regulation that prohibited comparative advertising, thus enabling advertisers to make direct comparisons between their products and services and those of their competitors.

Trade Promotion:

Annually, between 100-150 national and international trade fairs representing many industry sectors are organized in Austria. Most of the Austrian fairs are open to the general public and thus take on an advertising function. Austrian importers also attend the major European trade fairs.

J. Pricing Products

Austrian prices remain among the highest in the European Union, reflecting high social costs of labor (including mandatory health insurance and pension fund contributions for employees), extensive agricultural subsidies, the small size of the market, and high taxes. The value-added tax (VAT) on most products and services is 20 percent. Special taxes are levied on luxury goods, fuel, drinks, tobacco and other items. These taxes quickly add up and should be taken into consideration when pricing products for sale in Austria.

The transparency of European pricing that became a reality with the adoption of the Euro as the single transaction currency on January 1, 2002, has yet to bring significant price reductions in Austria for products that can be easily compared and purchased across borders.

K. Sales Service and Customer Support

Customer service and support in the consumer industries is improving with EU integration. Starting on January 1, 2002, the basic warranty for consumer purchases was increased from 6 months to 2 years, and the burden of proof reversed (the customer is no longer required to prove that he did not break the item, rather, the store must show that he did). Despite this improvement, the unlucky customer who purchases a defective product may still not be able to bring it back to the store for replacement, but must wait weeks while the product is shipped for repair. Publicizing American-style guarantees and customer service is slowly gaining popularity as a marketing tool. Business customers demand a different level of support, and most wholesalers or distributors offer excellent support. If a part on a machine breaks, the customer will demand that it be replaced or repaired within 24 hours, which may

present logistical problems for smaller U.S. suppliers who cannot warehouse replacement parts in Europe.

L. Selling to the Government

The Austrian Government adheres to the WTO (GATT) Agreement on Government Procurement. Austria's Federal Procurement Law was amended in January 1997 to bring its procurement legislation in line with EU guidelines, particularly on services. Austria does not have Buy National laws, but as with any political decision, the economic impact of the contract is taken into consideration. In addition, some major contracts are negotiated by invitation, and limited tenders and offset requirements are common in defense contracts.

M. Protecting Your Product from IPR Infringement

Austria is a member of all international intellectual property rights agreements. To begin the process of registering a patent in Austria or in the EU, contact the U.S. Commercial Service in Vienna (Tel +43.1.313.39.2243) or the Austrian Patent Office directly:

Oesterreichisches Patentamt
(Austrian Patent Office)
Kohlmarkt 8-10, A-1014 Vienna, Austria
Tel. (43 1) 534-24-0 Fax. (43 1) 534-24-110
Web: www.patent.bmwa.gv.at

A list of patent attorneys is available through the Austrian Patent Attorney Chamber:

Oesterreichische Patentanwaltskammer
Museumstrasse 3
A-1070 Vienna, Austria
Tel. (43 1) 523 4382 Fax: (43 1) 523 4382-15
Email: pak@patentanwalt.at
Web: www.patentanwalt.at

N. Need for a Local Attorney

Some Austrian law firms can conduct business in English and are familiar with U.S. law. Some are members of the bar in the United States. A list of English-speaking law firms is available at the U.S. Consulate, and through CS Vienna. Several appear online as part of our Business Service Network: www.buyusa.gov/austria.

O. U.S. Commercial Service - Vienna

All the programs of the U.S. Commercial Service in Vienna were designed to promote and encourage U.S. exports to Austria. Our services fall into four broad categories: Counseling and Advocacy, Market Research, Finding International Partners, and Trade Events.

1. Counseling and Advocacy

Counseling

RECEIVE FIRST CLASS GUIDANCE from our staff on how to enter the Austrian market and promote your product or service No Fee

Advocacy

NEED SOME ADVOCACY ON YOUR BEHALF? For any project your company may be bidding on, we can also provide formal advocacy on the company's behalf- as long as your product or service for the bid contains 51% U.S. contentNo Fee

Platinum Key Service

SOLUTION ORIENTED AND TAILORED TO YOUR NEEDS the Platinum Key Service gives your business comprehensive, customized support on a range of issues on which you may need longer-term, sustained assistance. Through a mutually agreed upon scope of work we will provide such long-term assistance as; ongoing support in public procurement projects, including being introduced to key players, access to priority information through the excellent network of contacts maintained by our commercial staff, coordination of events and communications with the Embassy, Austrian government, and your company. We can also assist in long-term, ongoing support in a legal or financial matter, including making and maintaining contact with the Austrian party, relaying information, analysis and interpretation of the situation, referral to third party service providers. Let us know what your needs are and we will deliver!.....\$1,000-6,000, according to defined scope

2. Market Research

Standard Market Research

WE HAVE ALREADY COMPLETED THE RESEARCH FOR YOU! Our Commercial Specialists around the world regularly report on their respective countries, markets and industries. All below research can be found at your fingertips on our website www.export.gov under market research:

Country Commercial Guide (CCG)

13 Chapters of How to do business in Austria detailing trade rules and regulations and how to market and sell U.S. products in Austria

International Market Insight Reports (IMI):

Brief reports on opportunities and markets for U.S. products

Industry Sector Analysis (ISA):

Market summaries of particular industry sectors No Fee

Market Profile Report

CUT TO THE CHASE with this short study of the market for your products or services in Austria. Includes information on the size of the market, distribution channels, key competitors, and potential distributors.....\$1,500

Customized Market Research

LET US DO YOUR HOMEWORK FOR YOU! Customized Market Research is a concise report answering questions specific to the needs of your company, such as: the overall marketability of your product or service, market trends and size, customary distribution and promotion practices, market entry requirements, regulations, product standards and registration, key competitors, and potential agents, distributors, or who would be a good strategic partner. You may ask up to 9 questions and we will research the answers for you.....\$2,600

Business Service Provider Directory

BUSINESS SERVICE PROVIDERS located in Austria that can demonstrate their suitability are invited to present themselves online on our local-language website www.buyusa.gov/austria and help us provide U.S. exporters with an online source of qualified business service providers located in Austria..... 200 Euro

Video Market Briefing

WITHOUT CROSSING THE ATLANTIC, you can have the opportunity to meet with a Commercial Specialist in Austria about the market viability for your product or service via videoconference. Have questions answered such as; who are my key competitors? How big is the market for my product? What are the local distribution channels?

Are there any regulatory issues I will have to deal with? \$100 plus ISDN line charges

3. Finding International Partners

Featured U.S. Exporters (FUSE)

APPROACH POTENTIAL CUSTOMERS ONLINE. Designed for U.S. companies looking for business partners in Austria, this service enables clients to post a German-language listing of their product or product line complete with graphics and links. Included in the service is translation and a contact point in our office where interested parties can call for further information. Each listing contains company name, product/service description, objective in the Austrian market, image where appropriate, a link to the exporting company's website and a mail link to a contact point at the CS office. Client-provided text is limited to a maximum of 150 words, and the image must be in JPEG or GIF format (maximum 200x200 pixels) \$200 for one year

BuyUSA.com

BUYUSA MAKES IT EASY FOR YOU to do business with reputable companies around the world. We combine the power of the Internet and the vast resources and contacts of the U.S. Department of Commerce to provide you with unparalleled trade contacts for your company. Visit www.buyusa.com and explore it for yourself! ...\$50

Contact Lists

IF YOU HAVE TARGETED AUSTRIA as a market and you would like to make initial contact with potential customers, but are not sure where to start, we can provide your company with a list of importers, distributors or end-users, either screened or unscreened, that you may contact directly. A screened list of up to 10 potential partners has been checked by our office and contains the Austrian company's name, address, telephone, fax, email where available, your contact person, and a brief description of the firm..... Screened: \$150

An unscreened list of up to 20 contacts is taken directly from our database and contains company name, address, telephone, fax, and email where available Unscreened: \$50

Gold Key Matching Service

YOUR KEY TO THE AUSTRIAN MARKET. You provide us with information about your company and the business partner you are looking for in Austria. We contact prospective partners, provide interested parties with your company information, and set up a schedule of meetings with up to 6 companies on a date of your choice. We can even help you arrange hotel, rental car, communication, secretarial and translation services. For an additional fee, a bilingual Commercial Specialist from the Commercial Service will accompany you to your meetings

.....\$600 for the research and the first 6 contacts
.....\$50 for each additional contact
.....\$400/day bilingual assistance

FRANCHISE FIRMS HAVE UNIQUE NEEDS when expanding internationally. For these companies, Vienna offers a special Gold Key that includes an advertising or a direct mailing option in order to fully explore the potential market. You provide us with information about your company and the business partner you are looking for in Austria. We contact prospective partners, either with an ad or a mailing, provide interested parties with your company information, and set up a schedule of meetings on a date of your choice. We can even help you arrange hotel, rental car, communication, secretarial and translation services. For an additional fee, a bilingual Commercial Specialist from the Commercial Service will accompany you to your meetings.

.....\$1,500 direct mail option
.....\$2,800 advertising option
.....\$400/day bilingual assistance

Video Gold Key Matching Service

MEET WITH POTENTIAL AUSTRIAN PARTNERS without the discomfort of transatlantic travel! The Video Gold Key gives you the opportunity to conduct interviews with prospective business partners, obtain feedback regarding the market for your product and thus use your time in Austria more efficiently and effectively. As with the standard Gold Key, you provide us with information about your company and the business partner you are looking for in Austria. We contact prospective partners, provide them with your company information, and set up a succession of up to 4 video meetings on the date you choose. Included are up to 4 hours of video interaction and interpretation services as needed\$600 plus ISDN line charges

FRANCHISE COMPANIES are also invited to take advantage of this technology and conduct initial meetings with interested partners with a video conference. You provide us with information about your company and the business partner you are looking for

in Austria. We contact prospective partners, either with an ad or a mailing, provide them with your company information, and set up a succession of up to 4 video meetings on the date you choose. Included are up to 4 hours of video interaction and interpretation services as needed\$1,500 direct mail option
.....\$2,800 advertising option
..... plus ISDN line charges

International Partner Search

LOOKING FOR A BUSINESS PARTNER IN AUSTRIA? We will do your cold calling for you in German and under the auspices of the U.S. Embassy. You provide us with information about your company and the business partner you are looking for in Austria. We research the market, contact prospective partners, and provide them with your company information. You receive a brief analysis of the Austrian market for your products, including market size and distribution channels, a list of companies that have reviewed your product literature and have expressed interest in working with you, as well as background information on each company.....\$500

FRANCHISE FIRMS HAVE UNIQUE NEEDS when expanding internationally. For these companies, Vienna offers a special International Partner Search that includes an advertising or a direct mailing option in order to fully explore the potential market. You provide us with information about your company and the business partner you are looking for in Austria. We contact prospective partners, either with an ad or a mailing, and provide interested parties with your company information. You receive a brief analysis of the Austrian market for your products, including market size and distribution channels, a list of companies that have reviewed your product literature and have expressed interest in working with you, as well as background information on each company..... Direct mail option: \$1,500; Advertising option: \$2,800

Commercial News USA

PROMOTE YOUR PRODUCT OR SERVICE AROUND THE WORLD WITH JUST ONE PUBLICATION!!! Advertise in Commercial News USA (CNUSA) promoting your product or service to buyers, distributors and retailers in Austria and around the world. CNUSA is a monthly catalog magazine published by the U.S. Government..... Ads start at \$495

Single Company Promotion

MAKE A SPLASH IN AUSTRIA by promoting your company or product under the auspices of the U.S. Embassy! The scope of our involvement is up to you. Included in the package could be everything from a simple press release to a gala dinner and everything in between. Some examples include: a press conference, advertisement in selected publications, a direct mailing, a seminar or conference, a luncheon, dinner, or cocktail reception. Our support program is designed for any size U.S. exporter, be it small or large, get maximum exposure for minimum cost - Cost is determined according to company needs.

4. Trade Events

Showtime

PLANNING TO VISIT A TRADE SHOW THIS YEAR? The Showtime counseling service provides you with the opportunity to meet with Commercial Service Specialists from around the world, including Austria at trade show venues. Visit the Commercial Service's Event Calendar at www.export.gov for a list of Showtime events and schedule a counseling session with a Commercial Specialist from the country or countries you have interest in. Meetings are scheduled on a first come first served basis No Fee

International Buyer Program Delegations

The Vienna office of the Commercial Service is a leader in recruiting delegations to leading U.S. trade shows. If you would like to contact Austria visitors before they set foot in the plane and invite them to visit your booth at the show, be sure to send us a note at Vienna.office.box@mail.doc.gov. No Fee

To obtain more information about the U.S. Commercial Service, please visit your local U.S. DOC Export Assistance Center or U.S. Commercial Service Vienna, U.S. Embassy in Austria, Boltzmanngasse 16, A-1091, Vienna, Austria, tel.: +431 313.392297, fax: +431 310.6917, email: vienna.office.box@mail.doc.gov, web: www.buyusa.gov/austria

CHAPTER 5 LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

A. BEST PROSPECTS FOR NON-AGRICULTURAL PRODUCTS

1. Computer Software and Services (CSP)

In 2002, total packaged software sales reached approximately \$1.161.6 billion (EUR 1.228.7 billion) of which application software represented \$551.8 million (EUR 583.7 million) and system infrastructure software represented \$317.1 million (EUR 335.4 million).

In 2002, the value of IT Services totaled \$2.618.4 billion (EUR 2.769.6 billion). Of this total, operations management accounted for \$905.2 million (EUR 957.5 million); implementation \$580.6 million (EUR 614.1 million); support services \$625.3 million (EUR 661.4 million); IT consulting \$317.2 million (EUR 335.5 million); and training and education \$190.1 million (EUR 201.1 million).

The expected annual growth rate for 2003 will be 4.9 percent for software and 7.3 percent for services. In 2004, the annual growth rate is estimated at 12.4 percent for software and 7.9 percent for services.

It is critical that software be “user-friendly” whether marketed to personal users, business professionals or executives. It is vital that the software be “bug-free” and preferably written in German. Software packaging is important for retail sales and should be in German.

The market for databases is growing, especially as Austrian companies develop e-commerce sites, and as larger firms discover the advantages of enterprise-wide information management, which are still new ideas to many in this market. Sales of networking software amounted to \$89.8 million (EUR 949 million) in 2002, and are expected to grow at about 11.5 percent annually in 2003, 2004, and 2005.

While Linux software shipments will be stagnating in 2003, Linux will be competitive with RISC-based Unix-systems. Hardware suppliers like Dell see good market potential for Linux in the low-end segment.

The best opportunities for sales of U.S. software in Austria appear to be in Internet systems engineering and applications consultancy, data bank and communications software/office automation, education, CASE, CIM and quality control. The primary end-users are industry, financial services, public administration, trade, health, energy production, distribution, and electronic banking.

Computer Software and Services (CSP) Data Table (million \$)

	2001	2002	2003(est.)
Total Market Size	3,548	3,780	4,029
Total Local Production	n/a	n/a	n/a
Total Export (from Austria)	n/a	n/a	n/a
Total Imports (into Austria)	n/a	n/a	n/a
Imports from the U.S.	1,849	1,978	2,116

2002 (base year) exchange rate: \$1 = € 1,0578
Note: The above statistics are unofficial estimates.

2. Telecommunications Services (TES)

Telecommunication services, which amounted to a market of € 6.288 billion (\$ 5.945) is the largest sector within the telecommunications market. It accounts for 75.9 percent of the total market in 2002. Since the deregulation of the Austrian telecom market in January 1998, a total of 129 fixed line licenses have been awarded (67 for leased lines and 62 for fixed voice telephony), in addition to 353 licenses for “notified services” which includes Internet services, Audiotext, and private networks. As a result, the kind of disputes between incumbents and new license holders typical of newly deregulated markets have characterized the last few years. This has culminated in the former Austrian regulator, Telekom Control, mandating Telekom Austria to lower interconnection fees and retail call rates.

While local loop unbundling has been officially in place since 1999, progress has been predictably slow, with many amendments to the original legislation having been necessary in reaction to the realities of implementation. One of the more progressive aspects of the Austrian experience however, has been the commitment to pre-planned gradual declines in access charges, from € 12.35 in 2002 to € 10.90 from January 2002. The development of this process now falls under the remit of the new regulator, RTR GmbH.

Despite increased competition and rate cuts, the fixed-line telecommunications area was able to show moderate growth of 1.7 percent, mainly due to increases in Internet and online services revenues. There were 3.2 million fixed lines in service at the end of 2002 (including about 512,480 ISDN lines). This denotes a penetration rate of 41 percent. While the number of fixed access lines operated by Telekom Austria has been declining in recent years, as customers opt for ISDN lines or replace their fixed line with a cellular subscription, the number of cellular subscribers has increased dramatically.

The Austrian mobile market has been competitive, but over the last year the market has shown signs of saturation. This has been demonstrated by the need for some operators to restructure their operations. The market continues to be led by Mobilkom Austria, followed by T-Mobile (formerly max.mobil), Connect One, and the new entrant tele.ring.

However, given the size of the country it is difficult to see how it could sustain four existing operators, two potential new 3G entrants (though Telefonica has decided to

suspend operations in its Austrian subsidiary due to financial difficulties) and an MVNO.

Tele2 has entered the Austrian mobile market following an agreement with Connect One. Over the past year, the operators tried to penetrate the GPRS market and provide innovative offerings based on SMS such as gaming and information services.

In 2003, we will see operators differentiating themselves through their service offerings, which will include, m-commerce, location-based services, and MMS. In 2002, there were 6.831 million cellular subscribers registered in Austria, which amounts to a penetration rate of 83.6 percent, compared to 6.604 million in 2001 with a penetration rate of 81.0 percent. Experts forecast that the Austrian mobile market will grow to more than 7.3 million subscribers by year-end 2006, which represents a penetration rate of 89 percent.

The market leader is Mobilkom Austria with a share of 42.9 percent, followed by T-mobile (formerly max.mobil) with 33.1 percent, Connect Austria with 20.3 percent, and the US owned tele.ring with 3.6 percent. Austria's mobile phone services recorded a growth rate of 10.9 percent over 2001 with sales topping \$2.6 billion in 2002. While six companies (the four already active operators plus the Spanish Telefonica and the Hongkong based Hutchinson concern) were granted licenses to operate third-generation (3G) Universal Mobile Telecommunications System (UMTS), it seems highly improbable that the Austrian UMTS market will support this number of UMTS operators.

Wireless LAN will be of increasing importance in the next few years for carriers that will start with the utilization of visitor-based networks ("Hot Spots") for high-speed Internet access in order to generate service revenue. This will ultimately slow down investments in 3G. Mobile number portability (MNP) is currently not implemented in Austria. It is expected that MNP will be introduced from July 2003.

The telecom services sector is largely liberalized, well developed and extremely competitive. Licenses are required for wire-bound public voice telephony, public offering of line leases, and wireless voice telephony. A single simple registration requirement applies to all other telecom services. The convergence of mobile phones, Internet, TV, satellite and cable offer a potent mix of new services especially to American firms who are the most experienced suppliers for many of these services. U.S. telecom services providers present in Austria include Abovenet Communications, Airpage, AT & T Global Network Services, Equant Network Services, Facilicom International, tele.ring, UPC Telekabel, and WorldCom.

Telecommunications Services (TES) Data Table (million \$)

	2001	2002	2003 (est.)
Total Sales	5,876	6,288	6,599
Sales by Domestic Firms	2,909	2,961	3,020
Sales by local firms abroad	n/a	n/a	n/a
Sales by Foreign-owned Firms	2,302	2,553	2,672
Sales by U.S.-owned Firms	664	774	908

2002 (base year) exchange rate: \$1 = € 1,0578

Note: The above statistics are unofficial estimates.

3. Drugs and Pharmaceuticals (DRG)

In 2002, Austrian production of pharmaceuticals increased by 22 percent while imports grew by 17 and exports by 30 percent. Despite the significant increase in exports, Austria still cannot point to a positive balance of trade in pharmaceuticals. More than half of all pharmaceuticals approved in Austria are imported, only about 40 percent are produced domestically.

Pharmaceutical expenditure in Austria accounts for about 10 percent of total health care spending. International comparison shows that drug consumption in Austria is significantly below the European average with regard to expenditure as well as to the number of packages. Annual per capita consumption amounts to 22 packages valued at approximately \$ 250. Government cost containment legislation is encouraging sales of self-medication (OTC drugs and generic medicines). Self-medication accounts for about 10 percent of the market, placing Austria in the lower third in a ranking with other countries. Increased life expectancy and the growth in private health care insurance are expected to have a positive impact on the market.

Access to the Austrian pharmaceutical market is subject to strict national or EU legislation. The approving authority is the Federal Ministry for Social Security and Generations. Besides this national procedure, generic medicines and most other pharmaceutical preparations can be registered by a “decentralized registration procedure”. This procedure is characterized by the principle of mutual meaning that once approval has been granted by at least one EU member state, which other EU countries are, upon request, obliged to follow.

The Austrian pharmaceutical industry is characterized by subsidiaries of multinational companies and small to medium-sized Austrian firms. Both groups have enjoyed above average growth recent years. Market leaders are Novartis, Glaxo Smith Kline, Baxter, Roche, Janssen & Cilag Pharma, and Merck Sharp Dohme.

Products from the U.S. enjoy an excellent reputation with respect to quality and safety. The Austrian market is highly receptive to U.S. imports in this field. Of the 36 new substances that were brought to the Austrian market in 2001, 16 originated from the United States, 13 from Europe, 5 from Japan and 2 from other sources. U.S. imports of drugs and pharmaceuticals rank second behind Germany, but are in front of France, United Kingdom, and Switzerland. The majority of medications were prescribed to treat cardiovascular illnesses followed by stomach and intestinal ailments and for psychotherapeutic purposes.

Drugs and Pharmaceuticals (DRG) Data Table (million \$)

	2001	2002	2003(est.)
Total Market Size	1,366	1,368	1,422
Total Local Production	1,042	1,268	1,550
Total Exports (from Austria)	2,166	2,816	3,604
Total Imports (into Austria)	2,490	2,916	3,476
Imports from the U.S.	168	199	233

2002 (base year) exchange rate: \$1 = EUR 1,0578

Note: The above statistics are unofficial estimates.

4. Aircraft and Parts (AIR)

The Austrian market for civil aviation aircraft, parts, and equipment totaled approximately \$201 million in 2002 and is expected to grow by five percent in 2003. With domestic-based manufacturing limited to one company, Diamond Aircraft Industries, the vast majority of the market is served by imports. In terms of market position, U.S. companies represent 48 percent of the imports followed by France (18 percent), Germany, (12 percent) and Canada (19 percent).

The principal end-users of civil aviation aircraft, parts and equipment are local charter airlines and the Austrian Airline's Group including: Austrian Airlines, Lauda Air, Tyrolean Airways, Rheintalflug (a commuter airline). Emergency medical services and the police use civilian helicopters. The market for corporate fleets and business charter operators is expected to increase by about 5 percent by the end of 2004.

Diamond Aircraft Industries, in Wiener Neustadt, manufactured a total of 101 single engine motor gliders (including 32 HK 36, 48 Katanas and 21DA 40's – a four seat single engine glider) in 2002, most of which were exported.

Aircraft and Parts (AIR) Data Table (million \$)

	2001	2002	2003 (est.)
Total Market Size	532	201	209
Total Local Production	43	43	43
Total Exports (from Austria)	1,245	614	645
Total Imports (into Austria)	1,734	772	811
Imports from the U.S.	494	447	469

2002 (base year) exchange rate: \$1 = € 1.0578

Note: The above statistics are unofficial estimates.

5. Telecommunications Equipment (TEL)

The Austrian telecom equipment market is an open, well developed, and highly competitive market. Major worldwide telecom equipment suppliers such as Siemens, Motorola, Ericsson, Nokia, Alcatel, Philips, and Cisco Systems have dominant positions. The telecommunications equipment market totaled about \$2.4 billion in 2002, an increase of about 4 percent from 2001. The expected growth rate is 9 percent in 2003 and approximately 10 percent in 2004. The fastest growing sector was the end-user equipment market, which was led by growth in sales of mobile telephone sets.

Mobile communications continued to be the boom segment of the industry. Sales are increasingly driven by replacements towards smaller, more compact handsets simply to accommodate new technologies such as WAP and GPRS. Devices such as palm pilots are increasingly linked to mobile phones and PCs. As the use of these products grows, the demand for digital devices will increase. The implementation of the new UMTS technology will drive a further growth in the mobile infrastructure business.

The Austrian enterprise infrastructure/network access equipment market will grow from \$ 182.2 million in 2001 to \$ 280.6 million in 2006, an increase of 9 percent over the forecast period. Enterprise converged voice, dedicated content equipment, and wireless LAN appear to be the growth segments until 2006.

Telecommunications Equipment Data Table (million \$)

	2001	2002	2003 (est.)
Total Market Size	2,026.7	2,107.7	2,297.4
Total Local Production	1,323.2	1,376.1	1,499.9
Total Exports (from Austria)	1,084.1	1,127.5	1,229.0
Total Imports (into Austria)	1,787.6	1,859.1	2,026.4
Imports from the U.S.	124.8	129.8	141.5

2002 (base year) exchange rate: \$1 = € 1.0578

Note: The above statistics are unofficial estimates.

6. Health Care Equipment (MED)

With its location in Central Europe and as one of the EU member states, Austria represents a desirable, affluent pilot market for U.S.-made advanced medical equipment. In 2002, U.S. manufacturers seized 20.7 percent of the health care equipment imports and are the second-largest suppliers following Germany. The Austrian market size experienced in the recent two years no real increase as a result of the budget cuts within the Austrian public health care sector. U.S. imports will stay stable and are not expected to grow in 2003. In fact, U.S.-engineered medical equipment sales are actually much larger than reflected in official import statistics, as many products imported from Western Europe and Far Eastern countries are assembled by subsidiaries of U.S. firms.

Austria has 325 public and private hospitals with 77,500 beds of which approximately 900 are designated for intensive care. A total of 100 hospital departments are equipped with intensive care units. Austria has 888 beds per 100,000 inhabitants, about the average in Western Europe.

Austria has approximately 35,300 active physicians, of which approximately 17,000 are employed by private or public hospitals or walk-in clinics. This translates to 441 physicians per 100,000 inhabitants. Of the 35,300 active physicians, 16,550 physicians have independent private practices.

The best opportunities for new sales appear to be for state-of-the art equipment such as electrocardiographs, ultrasound apparatus, endoscopes, scanners, computer tomograph equipment, nuclear medical instruments, and clinical laboratory equipment. Hospital expansion and construction are limited, although there are minor pending projects in the provinces.

Health Care Equipment (Med) Data Table (million \$)

	2001	2002	2003 (est.)
Total Market Size	358.9	363.8	370.7
Total Local Production	175.5	177.0	180.4
Total Exports (from Austria)	449.6	450.2	458.8
Total Imports (into Austria)	633.0	637.0	649.1
Imports from the U.S.	127.1	132.0	134.5

2002 (base year) exchange rate: \$1 = EUR 1,0578

Note: The above statistics are unofficial estimates.

7. Internet Services (INF)

The Austrian market for Internet services is growing rapidly. About 4.1 million Austrians were active Internet users in 2002, an increase of 16.3 percent over 2001. 854,800 were businesses to consumer (B2C) users and 153,500 were business to business (B2B) users. High telephone costs, and ISP subscription fees, a general reluctance by Austrians to use electronic payments, and data protection concerns hinder use of the Internet. Nevertheless, the future of electronic commerce in Austria appears promising. Austrians spent about \$6.5 billion (EUR 6.9 billion) for online purchases in 2002, up from only \$3.6 billion (EUR 3.8 billion) in 2001, which is a growth of 83.5 percent. By the end of 2003, online purchases will grow to \$10.8 billion (EUR 11.4 billion).

In 2002, 90 percent of computer users had modems, up from 85 percent in 2001. During the same period, the number of ISDN business channels has increased to 978,000 from 829,000. This number is expected to reach 1,077,000 in 2003. Private ISDN channels numbered 371,000 in 2002, an increase of 31 percent from 2001.

Microsoft is winning the web-browsers duel with Netscape with about 90 percent market share. Google (19.6 percent market share), Yahoo (19.2), Lycos (11.6), Fireball (8.9), web.de (7.6), and Altavista (6.7) are the most popular search-engines. Other smaller search engines are MSN Web-Suche (6.2), Meta.Ger (6.1), Infoseek (4.2), and Allesklar (1.0). Sales of Internet Access Services, which are lease and/or dial access to the public Internet, reached \$286 million (EUR 303 million) in 2002, an increase of 13 percent from 2001.

Telekom Austria' A-Online is the largest Internet provider in Austria, but there are 187 ISPs in the country. A complete list of ISPs can be obtained from the following website: www.ispa.at.

Despite some bandwidth and tariff structure limitations e-commerce is growing strong. Presently, there are about 2.4 million commercial Internet users in Austria, however, this number is growing swiftly. Some 350,000 domain names are registered. A complete list of domain names can be obtained from the following website: <http://www.nic.at/de/news/stats/st.statistiken.asp>

Internet Services (INF) Data Table (million \$)

	2001	2002	2003(est.)
Total Internet Commerce (IC)	3,566	6,546	10,779
Business to Consumer end-use	480	873	1,540
Business to Business end-use	1,095	1,870	2,833
Business to Business process use	1,338	2,550	4,724
Total end use IC:	1,747	3,123	4,515
Total Business to Business IC:	3,087	5,686	9,294

2002 (base year) exchange rate: \$1 = EUR 1.0578

Note: The above statistics are unofficial estimates.

8. Franchising (FRA)

Franchising is a hard nut to crack in Austria, where the comfort of a secure job with the government is the dream of the average business student. That having been said, this form of business has been growing at a steady pace the past decade and promises continued growth.

Currently U.S. franchise companies account for around 10 percent of all systems currently active, and around 20 percent of foreign franchisers. We have seen one to three new U.S. companies enter the market each year for the past several years, and we expect this slow but steady stream to continue.

Franchising Data Table

	2001	2002	2003 (est.)
Total Franchise Systems	335	350	370
Total Franchise Businesses	4,410	4,500	4,650
Total Austrian Systems	144	151	160
Total Foreign Systems	191	202	220
Total U.S. Systems	35	37	40

Note: The above statistics are unofficial estimates.

9. Computers and Peripherals (CPT)

The Austrian market for computers and peripherals declined by 4.6 percent in 2002 from 2001, reaching \$1,990.5 billion (EUR 2,105.5 billion). PCs dominate computer hardware sales with a market share of 74 percent or about \$945.4 million (EUR 1.0 billion). Approximately 525,390 PCs and workstations were sold in 2002, a 10.5 percent decline in volume from 2001.

Mainframe sales reached \$26.8 million (EUR 28.3 million) in 2002, mid-sized systems \$107.7 million (EUR 113.9 million), and low-end systems amounted to \$181.9 million (EUR 192.4 million). Data communications equipment sales reached \$182.0 million (EUR 192.5 million), a decline of 2.6 percent from 2001. For 2003, the highest growth rates are forecast for mid-sized systems (11.2 percent) and low-end systems (7.1 percent). Mainframe sales will increase by approximately 2.6 percent in 2003.

Business spending has been affected by the overall economic slowdown and is not expected to recover before the end of 2003. As a result, commercial desktop sales declined sharply, and notebook shipments grew slightly.

On the consumer side, the focus clearly shifted to notebooks, as lower prices continue to attract more and more individual users. Consumer notebook sales recorded strong triple-digit growth. 2003 has also seen the growing share of the local firm Gericom.

Driven by aggressive pricing strategies and product positioning, the mobile PC market remained very competitive, with all vendors aiming at gaining share in a market that still presents a huge potential for growth. The adapting to 64-bit computing will slowly proceed. While companies like Hewlett Packard move forward

with the application development for 64-bit, it is expected that users will move to 32-bit alternatives with 64-bit expansion possibilities if these options will be available. Full 64-bit use for commercial applications is expected for the second half of this decade.

The United States is the main source of imports, followed by Germany. Overall, sales for the entire computer hardware sector are expected to decline by 0.9 percent in 2003.

Installed PC Base by Main User Sector (Units)

	2001	2002	2003(est.)
Home	1,098,000	869,452	838,076
Business	857,000	952,984	937,736
Government	99,000	77,300	79,310
Education	98,000	87,710	87,535
Total:	2,152,000	1,987,446	1,942,657

Computers and Peripherals (CPT) Data Table (million \$)

	2001	2002	2003(est.)
Total Market Size	2,038.7	2,038.7	1,997.9
Total Local Production	1,290.9	1,290.9	1,265.1
Total Exports (from Austria)	1,369.6	1,369.6	1,342.2
Total Imports (into Austria)	2,117.4	2,117.4	2,075.0
Imports from the U.S.	119.4	119.4	117.0

2002 (base year) exchange rate: \$1 = € 1,0578

Note: The above statistics are unofficial estimates.

10. Advertising Services (ADV)

The Austrian advertising and public relations market is dominated by a few large Austrian-based firms and multiple international advertising companies, including West European and American agencies. The majority of the advertising agencies are also active in the PR business, plus there are several PR firms operating in Austria. Some advertising agencies penetrate the Austrian market from abroad, especially from Germany and Switzerland. Some Austria-based agencies do business in the neighboring countries of Central/Eastern Europe, especially in cooperation with local joint-venture partners. \$1.9 billion (Euro 2 billion) was spent on advertising (predominately print and TV media) in Austria in 2002 which means a slight decrease of 1.7% from 2001 to 2002.

Following are the 2002 market shares of advertising expenditures of the different media: print media-- 55.4 percent; TV-- 22.6 percent; radio-- 7.3 percent; billboard advertising-- 6.7 percent; flyers and brochures-- 8.0 percent.

American advertising agencies hold an excellent position in this market with approximately 30 percent of Austria's total advertising revenues generated by twelve U.S. agencies. The most successful and largest subsidiaries of U.S. agencies in Austria are McCann-Erickson, Grey Worldwide Austria, Grill & Thompson, Ogilvy Public Relations GmbH, Mang D'Arcy, BBDO, TBWA, and Young & Rubicam Vienna. The leading U.S. public relations agency in Austria is Ogilvy Public Relations GmbH.

Revenues of successful advertising agencies should grow slightly over the next three years, and the future for PR consultants looks promising. Industry analysts predict that large diversified food companies, restaurant chains, pharmaceutical companies, and consumer electronics companies will slightly increase their spending for advertising. Event marketing will likely be very profitable.

Advertising Service (ADV) Data Table (million \$)

	2001	2002	2003 (est.)
Total Sales	1,899	1,935	1,902
Sales of Local Firms	n/a	n/a	n/a
Sale by Foreign-owned Firms	n/a	n/a	n/a
Sales by U.S.-owned Firms	570	581	571

2002 (base year) exchange rate: \$1 = EUR 1,0578

Note: The above statistics are unofficial estimates.

11. Automotive Parts and Equipment (APS)

U.S. exports of automotive parts and equipment to Austria rose from only \$30 million in 1991 to over \$980 million at its peak in 2001. This phenomenal growth in U.S. exports was prompted by an initial investment by Chrysler in an Austrian joint venture assembly facility for the Minivan “Voyager” in Graz in 1991. Soon Chrysler began production of the “Jeep Grand Cherokee” and later, as Daimler-Chrysler, the Mercedes “M-Class” at the SDP facility next door, which was sold to Magna International Inc. shortly thereafter. For a short time, the Chrysler “PT Cruiser” was also being assembled in Graz.

Now both facilities belong to Magna and the assembly picture is changing. Production of the Mercedes “M-Class” and the “PT Cruiser” have been discontinued and Magna is working on other Mercedes models, as well as a new Saab convertible and a new BMW SUV, which will go into production at the end of 2003. As the assembly operations diversify, the trend is moving away from cars with a high US-content, thus the fall of U.S. imports charted in 2002.

The American share of the aftermarket in Austria is still very low at around 5 percent, primarily due to the fact that there are very few U.S. cars on the roads here (less than 2 percent). Some comfort can be taken in the “Holland effect”, ie, U.S. imports that enter Austria via another EU country and do not show in the statistics. The increasing popularity of family vans and upscale SUVs here in Austria offer U.S. aftermarket exporters an interesting accessories market.

We expect that the total market for auto parts and equipment in Austria will grow by around 10 percent in 2003, primarily a reflection of the new contracts in Graz, where the number of cars assembled is predicted to grow from around 131,000 in 2002 to around 170,000 in 2003, and more than 200,000 in 2004. We predict a slight fall in U.S. imports as the discontinuation of the two high U.S.-content models will probably continue to impact the statistics into 2003.

Automotive Parts & Equipment (APS) Data Table (million \$)

	2001	2002	2003 (est.)
Total Market Size	3,547	3,392	3,430
Total Local Production	5,950	6,000	6,100
Total Exports (from Austria)	5,355	5,400	5,490
Total Imports (into Austria)	2,952	2,792	2,820
Imports from the U.S.	838	675	650

2002 (base year) exchange rate: \$1 = EUR 1,0578.

Note: The above statistics are unofficial estimates.

B. BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

1. Dried Fruits and Nuts

Wholesome and natural food is getting more and more important to consumers. Thus the demand for dried fruits and nuts as ingredients for cereals or dried fruit and nuts mixtures is steadily rising. Austrian production of dried fruits and nuts is limited to locally grown species like apples and walnuts. Consumers also emphasize natural and wholesome products, so there is also a demand for organically produced dried fruits and nuts. Demand for dried fruits like raisins, prunes, apricots etc. and all kind of nuts is still growing.

The table below does not show the actual import figures from the United States, because there is a lot of transshipment mainly via Germany. A big amount of cereals, fruits and nuts mixtures are processed and packed in Germany and then imported to Austria. The real import value of U.S. products is about \$ 15 million. Main shares of imports come from the EU and Turkey.

Dried Fruits and Nuts table (million \$)

	2001	2002	2003 (est.)
Total Consumption	116	123	126
Total Local Production	80	82	83
Total Exports (from Austria)	12	13	13
Total Imports (into Austria)	48	54	56
Total Imports from the U.S.	6	6.5	7

2001 (base year) exchange rate: \$1 = ATS 15.36

2001 (base year) exchange rate: \$1 = EUR 1.11

2002 (base year) exchange rate: \$1 = EUR 1.06

Note: Source for 2001 and 2002 import and export figures is 'Statistik Austria' or UNTrade Statistics; all other figures are unofficial estimates.

2. Wine

The average wine output is about 2.5 million hectoliters/year which corresponds roughly to the annual wine consumption. Large quantities of wine are imported and exported. The predominant suppliers are Italy, France, and Spain delivering mainly red wines.

The import duty for non-EU wines is high. However, there is a niche market for California wine, particularly high quality red wine. In recent years, intensive promotion of California wines has been carried out which has resulted in increased sales. For good quality, inexpensive U.S. wine from 5 to 8 dollars a bottle, demand is increasing. The main competitor for U.S. wines is Chilean wine.

A large share of California wines is imported through German wholesalers and thus does not appear as a U.S. product in the official trade statistics. According to trade sources, the share of U.S. wines coming through Germany has increased sharply over the last ten years. The numbers below show only directly imported wine to Austria. Based upon conversations with importers and distributors we believe actual import values including transshipment to be closer to six million dollars.

Wine Data Table (million \$)

	2001	2002	2003 (est.)
Total Consumption	336	347	335
Total Local Production	260	270	260
Total Exports (from Austria)	43	54	60
Total Imports (into Austria)	119	131	135
Total Imports from the U.S.	4	4.2	4.5

2001 (base year) exchange rate: \$1 = ATS 15.36

2001 (base year) exchange rate: \$1 = EUR 1.11

2002 (base year) exchange rate: \$1 = EUR 1.06

Note: Source for 2001 and 2002 import and export figures is 'Statistik Austria' or UNTrade Statistics; all other figures are unofficial estimates.

3. Seafood

Austria's small fish production is limited mainly to trout and carp. Since Austria is a landlocked country, all marine fish, shellfish, and crustacea must be imported. The main suppliers are Germany, Netherlands, Denmark, Italy, and France. Of the total import value, around 40% account for fresh/frozen fish, 10% for dried and/or smoked fish, 10% for fresh/frozen crustacean and mollusks, and 40% for further processed fish, crustacean and mollusks.

Consumption of seafood is low, but rising. The reason for the general upward trend is the rising standard of living, health awareness, and the growing number of restaurants serving seafood.

As in 2002, the U.S. embassy will continue seafood promotions for the hotel and restaurant industry, importers and distributors. As with most products, transshipment through other EU countries does not provide actual product origin. We estimate actual imports from the United States to be 2.5 million dollars.

Seafood Data Table (million \$)

	2001	2002	2003 (est.)
Total Consumption	176	178	180
Total Local Production	9	9	9
Total Exports (from Austria)	6	4	4
Total Imports (into Austria)	173	175	175
Total Imports from the U.S.	1	1	1

2001 (base year) exchange rate: \$1 = ATS 15.36

2001 (base year) exchange rate: \$1 = EUR 1.11

2002 (base year) exchange rate: \$1 = EUR 1.06

Note: Source for 2001 and 2002 import and export figures is 'Statistik Austria' or UNTrade Statistics; all other figures are unofficial estimates.

4. Rice (Including Broken Rice)

Rice consumption is expected to continue its rising trend. The major share of rice comes from mills in Italy, Germany, Belgium, and Netherlands. A large part of these imports is U.S. rice milled or packaged in other countries and then transshipped to Austria. Thus, the data table do not reflect the actual imports of U.S. rice as transshipments are not included. Actual imports of U.S. rice is around three million dollars. The main competitors for U.S. rice are Italy and Thailand.

Rice (Including Broken Rice) Data Table (million \$)

	2001	2002	2003 (est.)
Total Consumption	22	23	23.5
Total Local Production	0	0	0
Total Exports (from Austria)	1	1	1
Total Imports (into Austria)	23	24	24.5
Total Imports from the U.S.	1	1	1.5

2001 (base year) exchange rate: \$1 = ATS 15.36

2001 (base year) exchange rate: \$1 = EUR 1.11

2002 (base year) exchange rate: \$1 = EUR 1.06

Note: Source for 2001 and 2002 import and export figures is 'Statistik Austria' or UNTrade Statistics; all other figures are unofficial estimates.

5. Pet Food

With a growing number of both single households and older people seeking contact with pets, the number of pets has been steadily rising. Pet food meets only about one third of the dietary needs of Austria's dogs and cats so Austria's pet food market should increase considerably in the next few years. It is believed that in the long term an 80% penetration of the Austrian market will be possible.

The lion's share of pet food imports comes from other EU countries, followed by Central Europe. The predominant suppliers are France and Germany. Direct imports from the United States are marginal. However, U.S. pet food is transshipped via other European countries, particularly Germany. We estimate actual imports of U.S. pet food to be near three million U.S. dollars. Austria is a net exporter of pet food. Pet food is defined as livestock feed. No registration is required for marketing pet food in Austria, but the product must comply with EU regulations.

Pet Food Data Table (million \$)

	2001	2002	2003 (est.)
Total Consumption	175	181	184
Total Local Production	185	187	188
Total Exports (from Austria)	66	90	90
Total Imports (into Austria)	56	84	86
Total Imports from the U.S.	1.3	1.2	0.3

2001 (base year) exchange rate: \$1 = ATS 15.36

2001 (base year) exchange rate: \$1 = EUR 1.11

2002 (base year) exchange rate: \$1 = EUR 1.06

Note: Source for 2001 and 2002 import and export figures is 'Statistik Austria' or UNTrade Statistics; all other figures are unofficial estimates.

CHAPTER 6 TRADE REGULATIONS, CUSTOMS, AND STANDARDS

A. Customs Regulations and Tariff Rates

Austria is a member of the European Union EU and as such the Austrian customs regime is based on the "TARIC" (integrated tariff of the EU), determined in Brussels. The TARIC can be searched by country of origin, Harmonized System Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The TARIC is updated annually in April.

EU Import tariffs vary depending on the product, however, for most U.S. exports the tariffs are relatively low. In fact, over half of all products from non-EU countries enter without any tariff. The average EU tariff level for manufactured goods is relatively low at 3.5%, but some goods are taxed at a higher rate. For example, passenger cars and office machines have duties of about 10%. For certain kinds of shoes and special motor vehicles, the rate may be up to 18%.

U.S. exporters can obtain EU import tariff rates at the following websites:

http://europa.eu.int/comm/taxation_customs/databases/database.htm or
www.taric.com

B. Non-Tariff Trade Barriers

In general, there are no non-tariff barriers for U.S. companies entering the Austrian market. Nevertheless, some U.S. pharmaceutical companies have complained about restricted access to the Austrian market. A U.S. firm seeking to market a drug in Austria must first obtain approval from the Austrian Social Insurance Holding Organization (Hauptverband der Oesterreichischen Sozialversicherungstraeger). According to critics, the non-transparent procedures by which the Hauptverband approves drugs for reimbursement under Austrian health insurance regulations has perpetuated a closed market system favoring established suppliers. Pharmaceuticals not approved by the Hauptverband have higher out-of pocket costs for Austrian patients and therefore suffer a competitive disadvantage vis-à-vis approved products.

Some goods are subject to tariff-rate quotas, whereby after a certain quantity of the good has entered the EU at a low or zero duty rate, the rate is increased. These are primarily goods determined to be useful to the European economy only in certain quantities, generally raw materials or parts. The most important tariff quotas for manufactured goods are on chemicals and electronics. Both are administered on a first-come, first-served licensing basis.

The Austrian importer can get information about the extent to which the quota has been filled through the Customs Office Suben, which has an on-line connection to Brussels, as well as through the Main Customs Offices (Hauptzollaemter) or via the internet at http://europa.eu.int/comm/taxation_customs/databases/database.htm

C. Import Taxes including Value Added Taxes

When a delivery is made to Austria, the products become liable to the import value-added tax (Einfuhrumsatzsteuer) upon entry in the Austrian customs area. The import value-added tax is assessed according to the customs value of imported goods. The importer is entitled to claim a refund of the import value-added tax from the tax office once the product is sold further in the distribution chain.

Finally, the end-user is liable to the Value Added Tax (VAT) which generally amounts to 20% in Austria. For food products the VAT is 10% only. Alcoholic beverages fall into the 20% VAT category.

The rates for the import value-added tax and the VAT are identical. The VAT is a pure tax on transactions that is ultimately absorbed by the end-user or consumer.

D. Import License Requirements

The European Union, and therefore Austria, requires import licenses for a number of products, first and foremost for agricultural produce and products. This holds for all originating countries, including the United States. Special rules apply for imports of particular products and countries, such as shoes from China. European Union import quotas are managed through the granting of import licenses to qualified firms. In general, an Austrian importer must possess an export license from the supplier country, and then obtain permission to import from the Austrian authorities (Einfuhrbewilligung). For imports of agricultural products, importers should contact *Agrar Markt Austria (AMA)*, Dresdner Strasse 70, A-1201 Vienna, Tel: (43 1) 331 51-0. <http://www.ama.at>. The licensing authority for most other goods is the Austrian Ministry of Economics and Labor (see Section "J" below for contact information).

The import of war materiel requires a license and individual approval of each shipment. The licensing authority responsible for these products is the Austrian Ministry of the Interior.

E. Temporary Goods Entry Requirements

There are no tariffs imposed on goods that enter Austria on a temporary basis for a particular purpose, such as transit goods or goods intended for demonstration or exhibition at trade fairs. A refundable security deposit is required equal to applicable import duties.

In the case of a commodity that is imported on a temporary basis to be used and returned (such as machinery), a compensatory levy of 3% per month applies if the commodity would be dutiable if imported permanently into Austria.

F. Special Import/Export Requirements

Austria complies with the special import provisions administered by the EU, including the Generalized System of Preferences, the Multi-Fiber Arrangement, as well as cooperation and association agreements with most Central and Eastern European countries.

In order to bring goods from a third country into Austria and thus into the EU market, a customs declaration must be made by a resident of the EU. Depending on the product and the country from which it is being imported, specific evidence (such as proof of country of origin) must be included. Where a tariff applies, the duty is collected immediately, or in cases where deferred payment can be made (such as import through a forwarding agency), is payable by the 15th of the following month.

Austrian exporters are required to report intended transactions to the Export Customs Authority if the value of the goods exceeds EUR 2,906.91 (US \$2,686). Most goods

require no special permission for export (the exception pertains to strategic items). The content of the shipment is verified at an external border of the EU.

G. Labeling Requirements

Austrian labeling and marking requirements are in some respects not as strict as those in the United States. Nutritional information is not required on food products, nor are safety warnings mandated on electrical devices. The most important requirements include washing instructions on textiles, and certification of safety (the CE mark) on machines, toys, and baby accessories. It is not required that labeling be in German, though this may be advisable for marketing reasons.

Efforts are underway to harmonize EU labeling and marking requirements along with quality and safety standards. Ultimately, a CE mark will be required for most U.S. manufactured imports. Until that time, the regulations are a frustrating mix of national, EU, and international requirements.

Products that are inadequately labeled are not turned away at the border. The person importing the product bears the responsibility to ensure products are certified and properly marked before they are offered for sale. There is no special procedure required for importers claiming non-marked products at the border.

H. Prohibited Imports

The import of certain commodities into Austria is prohibited, usually the result of international sanctions and the like. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals and plants, safeguard national security, or to protect artistic, cultural or intellectual property. Examples would be restrictions and controls on the import of certain food stuffs, wines, drugs, pharmaceuticals, seeds, war materiel, and antiques.

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check column five of the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

I. Warranty and Non-Warranty Repairs

If replacement parts for warranty or non-warranty repairs of a product are brought into Austria on a temporary basis and the products are re-exported after repair, no duties and taxes will be charged for this transaction. This would be handled by a carnet in the so-called excise bond procedure.

J. Export Controls

Austria is a member of the Australia Group, the Missile Technology Control Regime, the Nuclear Supplier Group and the Wassenaar Arrangement. To exports of nuclear, biological and chemical goods, items and technologies, as well as dual use items the EU regulation for common export controls of dual use goods No. 1334/00 applies. The Wassenaar Military List is subject to export controls by law.

In accordance with EU regulations, the export and re-export of goods to states under sanctions requires a special export license issued by the Austrian Ministry of Economics and Labor.

The export of goods on the Wassenaar ammunition list requires a license from the Austrian ministry of Economics and Labor. War material for export or transit is subject to a license by the Austrian ministry of the Interior.

Contact person for further Austrian Export Control Issues/questions:

Dr. Helmut Krehlik
Austrian Ministry of Economics and Labor
Stubenring 1, 1010 Vienna, Austria
Tel: (43 1) 711 008345 Fax: (43 1) 711 008386
E-Mail: helmut.krehlik@bmwa.gv.at
www.bmwa.gv.at

K. Standards

Austria is a signatory to the WTO (GATT) Agreement on Product Standards. As a member of the European Union, Austria is obligated to adopt European standards. While some European standards are already legally binding, others may still be in a transition phase, and still others may be awaiting national implementation. In the absence of a European standard, the national standard will apply.

National Standards: Austrian national standards are prepared and administered by the Austrian Bureau of Standards (Oesterreichisches Normungsinstitut - ON), a private non-profit organization incorporated by the Austrian Parliament in the Standards Act of 1971 as the only Austrian body to issue and endorse Austrian standards. The ON can also provide information on nongovernmental standards.

Oesterreichisches Normungsinstitut (ON)
(Austrian Bureau of Standards)
Heinestrasse 38, Postfach 130
A-1021 Vienna, Austria
Tel: (43 1) 213 00-613 Fax: (43 1) 213 00-650

The ON prepares standards in a variety of fields: ores and metals, mechanical engineering, building and construction, health and medical equipment, non-metallic materials, chemical and allied industries, special technologies, personal safety, food, environment, and waste management.

About 90% of the standards ON prepares are voluntary. The ISO 9000 series of quality management standards is one of the most important voluntary standards in Austria, and has become almost a requirement in many industries.

The ON also produces an annual catalogue of its standards, the ON-KATALOG, which is a compilation of all standards currently applied in Austria. A monthly magazine, CONNEX, provides information on the latest changes in national, European and international standards. ON InfoPoint is a commercial information service which will provide clients with updates on standards and technical regulations in Austria and abroad. Contact ON directly to access any of these publications or services.

EU Standards and Harmonization: The harmonization of standards requirements for the entire EU is being tackled on a product-by-product basis. In each case, full implementation follows only after a transition period. Until the United States and the EU ratify an agreement on mutual recognition of safety certification for a particular product area (i.e., a product needs to be tested just once before being marketed on either side of the Atlantic), most American products sold in the EU will require the "CE" mark (the certification that a product has met EU safety and quality standards) once all directives have been passed and all transition periods have expired. Austrian consumers look for these marks the same way Americans look for the "UL" mark.

The CE mark must be affixed to the product, to its data plate or, where this is not possible or not warranted on account of the nature of the product, to its packaging, if any, and to the accompanying documents by the manufacturer, the authorized representative in the European Union or, in exceptional cases, by those responsible for placing the product on the market. The CE mark must be affixed visibly, legibly and indelibly. Where special provisions do not impose specific dimensions, the CE mark must have a height of at least 5 millimeters.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product. New approach legislation provides for the issuance of a declaration of conformity by the manufacturer and often requires a certificate of conformity from an independent certification body.

The independent certification bodies, known as notified bodies www.europa.eu.int/comm/enterprise/newapproach/legislation/nb/listnotifiedbodies.pdf have been officially notified by competent authorities to test and certify to EU requirements. However, under the U.S./EU Mutual Recognition Agreements, notified bodies based in the United States and referred to as conformity assessment bodies, will be allowed to test in the U.S. to EU specifications, and vice versa. The costs will

be significantly lower and U.S. products will, as a result, become more competitive. At the moment, the U.S./EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (in transition), and recreational craft (in force).

The current mix of national and EU standards requirements can be frustrating for the U.S. exporter. Those products for which an EU directive has been issued are subject to EU standards requirements that supersede any national requirements. Manufactured goods falling under an EU directive must be tested and certified, and carry the "CE" mark in those countries in which the transition period has expired. Those products for which no directive has been issued continue to be subject to national requirements.

Both, EU requirements and the standards for an Austrian quality or performance mark will often require that a product be modified. Even if the product does not require modification, it will require testing and certification before it can be marketed.

Contact information for EU "CE" standards:

Office of European Union and Regional Affairs
International Trade Administration
U.S. Department of Commerce
Herbert C. Hoover Building, Room 3036
Washington, D.C. 20230
Phone: (202) 482-5276 Fax: (202) 482-2155
E-mail: ludolph@usaita.gov

and

Commercial Service
U.S. Mission to the EU
40 Boulevard du Regent
B-1060 Brussels, Belgium
Phone: (32)2/508-2674 Fax: (32)2/513-1228
E-mail: Catherine.Vial@mail.doc.gov

Inquiries regarding technical trade barriers should be directed to the Austrian Federal Ministry of Economics and Labor:

Bundesministerium fuer Wirtschaft und Arbeit
Sektorale Unternehmenspolitik und Industrie
Stubenring 1
A-1011 Vienna, Austria
Tel.: (43 1) 711 00-5234 Fax: (43 1) 711 00-2212

U.S. contacts for foreign standards information:

National Center for Standards and Certification Information (NCSCI)
National Institute of Standards
Building 820, Room 164
Gaithersburg, MD 20899
Phone: (301) 975-4040 Fax.: (301) 926-1559

American National Standards Institute
25 West 43rd Street
4th Floor
New York, NY 10036
Phone: (212) 642-4900 Fax: (212) 302-1286
E-mail: info@ansi.org
Website: www.ansi.org

Ms. Cathryn Novelli
DAUSTR for Europe and Mediterranean
Office of the U.S. Trade Representative
600 17th Street, NW, Room 323
Washington, D.C. 20508
Phone: (202) 395-3320 Fax.: (202) 395-3974
E-mail: Cnovelli@ustr.gov

L. Free Trade Zones/Warehouses

Austria has no foreign trade zones anymore. It only has two customs warehouses in Vienna and Tyrol province, where products of foreign origin may be stored without the obligation to pay duty. Their impact has been limited, and foreign investors have shown little interest.

M. Membership in Free Trade Agreements

As an EU member, Austria participates in the European Economic Area (EEA). Austria is also a member of the World Trade Organization (WTO). Although Austria has no bilateral free trade agreements, as an EU member it participates in all EU trade agreements, including:

- Association agreements involving political and economic elements in addition to tariff reductions with Bulgaria, Switzerland, Czech Republic, Hungary, Iceland, Liechtenstein, Norway, Poland, Romania, Slovak Republic, South Africa
- Free trade agreements primarily involving reductions in tariffs. Agreements are in place with Estonia, Latvia, Lithuania, and Mexico.
- Cooperation agreements concentrating on increasing trade and cooperation, in place with Belarus, Kazakhstan, Kyrgystan, Moldova, Russia, and Ukraine.

In addition, there are trade agreements in place with Cyprus, Malta, Morocco, Tunisia, Egypt, Syria and Israel, and customs union agreements with Turkey, San Marino and Andorra. The EU extends customs preferences to many African and Caribbean states.

N. Customs Contact Information

Hauptzollamt Wien (Central Customs Office-Vienna)
Schnirchgasse 9
A-1030 Vienna, Austria
Tel.: (43 1) 795 90 3200 Fax: (43 1) 795 90 2399
Website: www.bmf.gv.at

Tariff information via phone (Monday – Friday from 6:00am – 10:00pm):
Zolldokumentationsstelle Villach
Tel.: 43/4242 33 233 420 or 421 or 422
or E-mail: post.425-ztv.zaktn@bmf.gv.at

CHAPTER 7 INVESTMENT CLIMATE STATEMENT

Introduction

Austria, a crossroads of Europe, is itself at a crossroads as an investment location. Austria, and Vienna in particular, face growing challenges from its Eastern neighbors. The number of companies (mostly European) establishing a regional base in Vienna fell to five in 2002 from twenty the preceding year, while the number of U.S. firms in Austria did not grow from 2000 to 2002.

Slow economic growth prospects, particularly in Central Europe, are likely the main reason for slowed investment, or disinvestment, in Austria. By the time the slump may end in 2004, however, all of Austria's Eastern neighbors will be in the EU. Budapest, Prague and Bratislava will be competing directly with Vienna, in theory offering the same degree of investor protection as any other EU member state capital. Both the American Chamber of Commerce in Austria (in its 2002 investment survey) and the Austrian Business Agency have registered the competition challenge to Austria. Many have pointed out that the direct transportation links among Austria's Eastern neighbors are in some places better than those running through Austria. Among the three capitals mentioned above, only Budapest is connected to Vienna by a superhighway. The Austrian government has long-term plans to address these infrastructure gaps; but many view the current state of transport links as a missed opportunity.

Austria continues to offer some advantageous conditions but also some challenges to foreign investors. We have sought to describe both below in candid terms for potential investors' benefit.

A. Openness to Foreign Investment

A.1 Government attitude toward foreign private investment

Due to its early break-up after two and a half years in September 2002, the first Schuessel government, a center-right coalition between the Austrian People's Party (OVP) and the Freedom Party (FPO), was not able to implement all of its economic reform program; but it did make some reforms in the direction of a more open, liberal and deregulated society. The new OVP-FPO coalition (Schuessel II) government, in office since February 2003 and with a considerably stronger OVP, continues to pursue economic and social reform aimed at streamlining government, creating a more competitive business environment, and further strengthening Austria's attractiveness as a location for investment. Priorities include downsizing the public sector, simplifying and streamlining the social welfare system, liberalizing shop opening hours, raising the labor participation rate, and introducing more flexible work hours. Budget consolidation will remain a goal in accordance with the EMU's Stability and Growth Pact; but balancing the consolidated public sector budget is now a medium-term goal over the economic cycle. The government intends to continue privatizations.

The second Schuessel government has already moved to enact social and structural reform to make Austria a more liberal and open society and improve its attractiveness to foreign investors. However, its controversial pension reform produced major challenges to the government after less than four months in office,

including the two largest strikes in 50 years. The strikes concentrated on the public sector, with only moderate impact on private enterprises, and Austria remains a country with few strikes. Nonetheless, these strikes were political actions against the government rather than management-labor disputes. Other contentious issues ahead include the government's coming plans to harmonize the various pension systems, reform health care and carry out administrative reform, including a cut in civil service jobs.

Liberalization and deregulation in energy and telecom sectors have lowered prices to business users. However, continued barriers to entry and to competition have resulted in only partial liberalization with resulting maintenance of above-average charges in some areas (e.g., electrical grid charges, according to the International Energy Agency). Austria is a high-tax country. It has no wealth or net worth tax, and no trade tax (Gewerbesteuer), unlike neighboring Germany, and a relatively favorable 34% corporate tax rate. Effective 2004, however, the government will phase out certain tax breaks for Austrian parent corporations and holding companies to conform to the EU's Code of Conduct for business taxation. Overall, OECD figures place Austria fourth among OECD members in total tax and social payments, at 45.7% of GDP.

Austria welcomes all foreign direct investment that does not have a negative impact on the environment, particularly those investments that create new jobs in high technology, promote capital intensive industries, are linked with research activities, improve productivity, replace imports, and increase exports. In 2002, the government introduced additional tax incentives for industrial research to stimulate research-based investment and attract international research organizations to Austria. In some regions, Austria also offers special facilities and services ("cluster" packages) to foreign investors, for example, for automotive producers or manufacturers of chips, silicon and high-tech products. Austria's basic policies toward foreign direct investment are not expected to change in coming years. A large number of foreign firms, including some 360 U.S. companies, have invested in Austria and most have expanded their original investment over time.

There are no formal sectoral or geographic restrictions on foreign investment, although investment is not encouraged in sectors with excess capacity, such as steel, textiles, and paper. Austria offers financial and tax incentives within EU parameters to firms undertaking projects in economically depressed areas and underdeveloped districts on Austria's eastern and southern borders. Some of these geographic areas are also eligible for subsidies under EU regional and cross-border programs. The only instances of local opposition to investment in the manufacturing sector have arisen out of environmental concerns.

Potential U.S. investors need to factor Austria's strict environmental laws into their decision-making process. Austria has imposed marketing bans on some agricultural biotechnology products despite existing EU approvals. The European Commission has not taken steps to overturn the bans, despite the fact that the EU's Scientific Committee has found no justification for the bans. Austria supports a "moratorium" within the EU on introduction of genetically modified seeds, which is currently the subject of U.S.-EU consultations in the World Trade Organization. Trace or "adventitious" presence of even EU-approved biotechnology products is only allowed up to 0.1%, with zero tolerance for unapproved varieties. Strict liability regulations for research, production, and distribution of GMOs also apply. U.S. investors considering production facilities emitting CO₂ in Austria will have to take into

consideration Austria's commitment to cut its CO2 emissions by 13% from the 1990 level according to the Kyoto Protocol (1997) and scrutinize closely the national implementation of the EU's regulatory framework on greenhouse gas emissions and trading that is planned to enter into force in 2005.

In investor surveys and international rankings, Austria consistently earns high marks for proximity to Central and Eastern European (CEE) markets, health infrastructure, personal security, quality of living conditions, rule of law, education/skill and motivation of labor, quality of education, and mobile phone costs, but low marks for the tax burden, rigid labor practices, patent registration, relative lack of risk capital financing, restrictive immigration laws, size of the public sector, and regulatory red tape, particularly when considering Austria as a regional headquarters. The accession of ten countries to the EU in May 2004, including four bordering Austria, may present Austria with stiffer competition from these countries for U.S. investment, particularly in sectors where wage costs are decisive.

Acquisitions, mergers, takeovers, cartels:

In 2002, the Austrian government established an independent Federal Competition Authority (FCA) and a federal public cartel prosecutor, removing the administration of anti-trust law from the Cartel Court. In its first year of operation, the FCA has not been particularly pro-active, reportedly due to a shortage of personnel.

International acquisitions and takeovers of domestic enterprises are permitted in Austria. International cartels are not prohibited, but are subject to oversight by the cartel court to prevent the abuse of market power. Cartel court consent requires that the applicant refrain from market behavior that would limit or impede competition. Selling below cost is considered one possible abuse of a dominant market position. The cartel court must be notified of mergers and acquisitions if combined world-wide sales are in excess of Euro 300 million (USD 345 million at the current exchange rate of USD 1.00 to Euro 0.87), if domestic sales exceed Euro 15 million (USD 17.3 million), or if two of the firms involved each have world-wide sales exceeding Euro 2.0 million (USD 2.3 million). The new anti-trust regulations do not provide for the dissolution of previously completed and approved mergers. An independent energy regulatory authority separately examines antitrust concerns in the energy sector; however it did not raise objections to a 2002 alliance between the two largest Austrian electricity providers, capturing two-thirds of the market.

A takeover law, in effect since January 1, 1999, applies to both friendly and unsolicited takeovers of corporations headquartered in Austria and listed on the Vienna Stock Exchange. It provides investors protection against unfair practices, since any shareholder obtaining a controlling stake in a corporation (30% or more of all shares) is required to offer to buy out smaller shareholders at a defined "fair market" price. An independent takeover commission at the Vienna Stock Exchange oversees compliance.

Screening mechanisms:

Only those foreign investments with Austrian government financial assistance are subject to government overview. Screening is intended only to ensure compliance with EU regulations which limit such assistance to disadvantaged geographic areas.

Privatization:

In the ongoing privatization of public enterprises, foreign and domestic investors are, in principle, treated equally. In line with its privatization initiative the previous government sold 100% of its shares in the Postal Savings Bank, the Dorotheum auction house and bank, and the Print Media industrial printing concern. It also divested a 41.1% share of the Austrian tobacco company, a 17.38% stake in the Vienna airport company, and a majority of shares in Telekom Austria (TA). The new government's further near-term privatization plans include selling off 100% of the shares of the companies Boehler Uddeholm, Voest-Alpine (VA) Technology, Voest-Alpine (VA) steel, Austrian Postal Bus, Austrian Mining Holding, and Telekom Austria.

The Austrian government has expressed a preference for "Austrian solutions" in many sectors. This means it views it as desirable to maintain an Austrian core shareholding by syndicates formed by banks, insurance companies, pension funds and industrial enterprises. One "Austrian solution" was in the electricity sector, where the two largest domestic suppliers were encouraged to form an alliance despite potential antitrust concerns. Another "Austrian solution" came about in natural gas trading and supply following liberalization of that market. In addition, despite the liberalization of electricity markets, by law the federal and provincial governments maintain at least 51% majority shares in all electricity providers. Foreign investors have however been successful in obtaining shares in important Austrian industry sectors, including the telecom and energy sectors, in Austria's largest bank, Bank Austria, and in the Austrian tobacco company.

Treatment of foreign investors:

There is no discrimination against foreign investors, but they are required to follow a number of regulations. Although participation by Austrian citizens in ownership or management is not required, at least one manager must meet residence and other legal requirements. Non-residents must appoint a representative in Austria. Expatriates are allowed to deduct certain expenses (costs associated with moving, maintaining a double residence, education of children) from Austrian-earned income. On January 1, 2003, an amendment of the Austrian immigration law went into effect, which requires permanent legal residents to take German language and civics courses. Foreign executives and their dependents (who are technically in one of the affected visa categories) are exempt.

Investment incentives:

Until 2006, 41% of Austria's land area is eligible for support under various EU structural fund programs. The Austrian federal, provincial, and local governments also provide financial incentives within EU guidelines to promote investments in Austria. Incentives under these programs are equally available to domestic and foreign investors and range from tax incentives to preferential loans, guarantees and grants. Most of these incentives are available only if the planned investment meets specified criteria (e.g., implementation of new technology, reducing unemployment, etc.). Tax allowances for employee advanced training and R&D expenditures are available. The government has merged various institutions providing financial incentives into a "one-stop shop" named Austria Wirtschaftsservice (further information, in German language only, is available under <http://www.aws.at>).

A.2. Conversion and Transfer Policies

There are no restrictions on converting or transferring funds associated with foreign investment. In Austria, all cross-border capital transactions for non-residents and residents, including the acquisition of Austrian securities, debt service, and the repatriation of profits, interest payments, dividends, and proceeds from the sale of an investment are fully liberalized.

Since March 1, 2002, the Euro, a freely convertible currency, is the only legal tender in Austria. Investors are shielded from any exchange rate risk in the entire Euro-area, where the Euro is legal tender. The eleven other member countries of the Economic and Monetary Union (EMU) are: Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, and Spain.

Since the start of the EMU on January 1, 1999, the European Central Bank (ECB) has been responsible for setting monetary policy in the EMU area. The ECB's primary goal in defining monetary policy is to maintain price stability. The Austrian National Bank has one seat and one vote on the ECB's Governing Council.

A.3. Expropriation and Compensation

Expropriation of private property in Austria is rare and may proceed only on the basis of special legal authorization. It can be instigated only when no other alternative for satisfying the public interest exists; when the action is exclusively in the public interest; and when the owner receives just compensation. The expropriation process is fully transparent and non-discriminatory towards foreign firms.

A.4. Dispute Settlement

The Austrian legal system provides an effective means for protecting property and contractual rights of nationals and foreigners. Additionally, Austria is a member of the International Center for the Settlement of Investment Disputes. The New York Convention of 1958 also grants enforcement of foreign arbitration awards in Austria. There have been no recent reports of bilateral investment disputes.

A.5. Performance Requirements/Incentives

Austria is in compliance with the World Trade Organization Trade Related Investment Measures (TRIMS) agreement. There are virtually no restrictions on foreign investment in Austria and foreign investors receive national treatment in the main. However, some requirements exist. For example, at least one manager must meet residency and other legal qualifications. Non-residents must appoint a representative in Austria.

Although not required to gain access to tax incentives, performance requirements may be imposed when foreign investors seek financial or other assistance from the Austrian government. There is no requirement, however, that nationals hold shares in foreign investments, that the share of foreign equity be reduced over time, or that technology be transferred.

The U.S. and Austria are signatories to a 1931 Treaty of Friendship, Commerce, and Consular Rights. The Austrian immigration law is restrictive on the overall number of visas, but a few non-immigrant business visa classifications, including intra-company transferees/rotational workers and employees on temporary duty, are eligible for visas with no numerical limitations. Recruitment of long-term overseas specialists or those with managerial duties is under quota controls. The 2002 Amendment of the Austrian immigration law, effective January 1, 2003, has more clearly defined employment-based immigrants as multinational executives/managers or similar professionals who are self-employed, and has sought to streamline procedures for obtaining visas and work authorization. The new integration policy requiring immigrants to attain a certain minimum level of competence in the German language will not affect executives and their dependents (who are technically in one of the affected immigrant-visa categories). The 2002 Immigration Amendment was intended to address problems reported by U.S. and other investors with availability of visas and temporary work permits for non-managerial staff for training in Vienna, by creating a category of temporary trainee visas in the case of joint ventures.

A.6. Right to Private Ownership and Establishment

Foreign and domestic private enterprises are free to establish, acquire, and dispose of interests in business enterprises, with the exception of railroad infrastructure, some utilities, and few state monopolies such as gambling. As the government continues to pursue privatization, some of these industries are gradually being opened up to private investment as well. For example, the Austrian government implemented legal changes in 1997 and 2001 to allow private radio and private terrestrial TV under a limited number of licenses. The postal monopoly for wire-transmitted voice telephony and infrastructure was dismantled in 1998. The Austrian electricity market was partially liberalized in February 1999 for bulk purchasers and in October 2001 for consumers, and the Austrian gas market was fully liberalized in October 2002. However, by law the federal and provincial governments maintain at least 51% majority shares in all electricity providers. In line with EU regulations, the government is working to liberalize the postal letter mail monopoly. The ambitious privatization program of Austria's government foresees full or partial privatization of many important Austrian companies. In most business activities, 100% foreign ownership is permitted. Foreign direct investment is restricted only when competing with monopolies and utilities. License requirements, such as in the banking and insurance sectors, apply equally to domestic and foreign investors. The latter, however, is dependent on reciprocity. Specific regulations on requirements for joint ventures do not exist.

A.7. Protection of Property Rights

The Austrian legal system protects secured interests in property, both movable and real. Mortgages are recognized, if they are registered in the land register and the underlying contracts are valid. The land register provides a reliable system for recording interests in property. For any real estate agreement to be effective, the agreement must be entered with the land register. This requires approval of the land transfer commission or the office of the provincial governor. Any interested party has access to the land register.

Austria has laws to protect intellectual property rights, including patent and trademark laws, a law protecting industrial designs and models, and a copyright law, all of which offer the holder protection. Legislation also protects three-dimensional

semiconductor chip layout design. In 2001, Austria, in line with EU requirements, implemented a law against product piracy to prevent trade in falsifications and imitations. Austria is one of a number of EU member states that have yet to implement the EU Directive on Legal Protection of Biotech Inventions. Several U.S. pharmaceutical companies have also reported problems obtaining timely remedy in Austrian courts in defending process-based patents against generic competitors.

Austria is a party to the World Intellectual Property Organization (WIPO) and several international property conventions, including the European Patent Convention, the Patent Cooperation Treaty, the Madrid Trademark Agreement, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purpose of Patent Procedure, the Universal Copyright Convention, the Brussels Convention Relating to the Distribution of Program-Carrying Signals Transmitted by Satellite, and the Geneva Treaty on the International Registration of Audiovisual Works. In compliance with the World Trade Organization Treaty on Intellectual Property (TRIPS), Austria extended patent terms so that patents on inventions are valid up to 20 years after application. Since both the United States and Austria are members of the "Paris Union" International Convention for the Protection of Industrial Property, American investors are entitled to the same kind of protection under Austrian patent legislation as are Austrian nationals. In accordance with the Madrid Agreement, Austria's protection period for trademarks is ten years, with the option to extend for another ten years, if registration is renewed before expiration.

Trade secrets are protected by various regulations. For example the right to privacy, the data protection law, and the federal statistics law prevent publication of production data, provided there are four producers or less.

Austrian copyright law grants the author the exclusive right to publish, distribute, copy, adapt, translate, and broadcast his work. Infringement proceedings, however, can be time consuming and complicated. Austria's copyright law is in conformity with the EU directives on intellectual property rights. Effective July 1, 2003, an amendment to the Austrian Copyright Act implemented the EU Directive on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society and regulates copyrights of works on the internet, protection of computer programs and related damage compensation.

A.8. Transparency of the Regulatory System

The Austrian government has made some progress in streamlining its complex and cumbersome permit and paperwork requirements. However the 2002 AmCham U.S. Embassy survey of investor confidence continued to identify "unpredictable and inflexible bureaucratic rules" as one of four major concerns. The government maintains that the time for obtaining all necessary permits has been reduced to about three months, except for large projects requiring an environmental impact assessment. With the 2002 reform of the Business Code, the government implemented a "one-stop shop" for the business permit, but not yet including plant and building permits. The reform also sought to facilitate establishment of new businesses, by simplifying requirements and reducing the number of business categories to two (those requiring official approval and those requiring none).

Tax and labor laws, as well as health and safety standards, are applied uniformly and do not influence the sectoral allocation of investments. The Austrian investment climate has become more conducive for business since Austria became a member of

the EU. However the 2002 Investor Confidence Survey cited “inflexible shop-opening hours and working times” as another major concern. The government plans to implement more flexible work time regulations by introducing flex-time, including on the company level, and more liberal regulations for shop opening hours, although virtually all shops will remain closed on Sundays.

A.9. Efficient Capital Markets and Portfolio Investment

A broad variety of credit and portfolio investment instruments are traded in an open capital market. Foreign firms have access to this local market without restrictions and are free to use foreign credit markets as well. The Vienna Stock Exchange, reorganized as a stock corporation and privatized in 1999, connected its cash market to Xetra, Frankfurt’s electronic trading system, so that traders world-wide have on-screen information and direct access to all stocks listed in Vienna. Quotations on the Vienna Stock Exchange are in the Euro currency and the fee system is transparent.

All listed companies are required to publish quarterly reports. Criminal penalties for insider trading are in place. Since April 1, 2002, the “Austrian Securities Authority” (an Austrian version of the U.S. Securities and Exchange Commission), established in 1998 to police irregularities on the stock exchange, is now part of Austria’s Financial Market Supervision Authority (FMA), which together with the Austrian National Bank is responsible for supervising banks, insurance companies, securities markets, and pension funds.

Buy-back regulations implemented in 1999 have considerably expanded the previously very limited possibilities for issuers to acquire their own shares. Austria’s regulations comply with international standards permitting buy-backs as an instrument to influence a company’s capital structure, to reduce excess liquidity, or to prepare for listings on exchanges abroad.

The legal, regulatory, and accounting systems are transparent and consistent with international norms. Austrian regulations governing accounting standards will provide U.S. investors with improved and internationally standardized financial information.

Austrian-based companies, including subsidiaries of U.S. parent companies, are required to present their consolidated financial statements in accordance with International Accounting Standards (IAS) or Generally Accepted Accounting Principles (US-GAAP). Promotion of good corporate governance is making progress. The Austrian Code of Corporate Governance has been introduced in October 2002. However, to date few companies have signed on to it.

Austria has a highly developed banking system with worldwide correspondent relationships, as well as representative offices and branches in the United States and other major financial centers. Austrian banks also have a huge network in Central and Eastern European countries. Total assets of Austria’s five largest banks amounted to about Euro 370 billion (USD 425.5 billion) in 2002.

Austria’s venture capital market is underdeveloped, but has expanded significantly in recent years. The volume of venture capital raised in Austria during the period 1999-2001 was Euro 556 million (USD 639.4 million), 170% more than during 1996-1998, according to a recently published study by AVCO, a Vienna-based Austrian Private

Equity and Venture Capital Organization. In 2002, fund raising totaled Euro 177 million (USD 203.6 million).

A.10. Political violence

There have been no incidents of politically motivated damage to foreign businesses. Civil disturbances are extremely rare. The two major strikes that the unions organized in May/June 2002 to resist the government's pension reform plans were peaceful demonstrations with no violence.

A.11. Corruption

The Austrian penal code contains penalties for bribery, which include a fine of up to Euro 327 (USD 376) per day for up to 360 days or up to two years imprisonment for the payer of a bribe and up to five years imprisonment for the recipient of a bribe. Under the penal code, any person who bribes a civil servant, a foreign official or a manager of an Austrian public enterprise is subject to criminal penalties. Austria completed ratification of the OECD Anti-Bribery Convention May 20, 1999, when the Austrian government deposited the ratification instrument with the OECD in Paris. The Convention entered into force July 19, 1999. Corresponding penal code legislation has been in place since summer 1998.

Prior to the implementation of the OECD Convention, the tax deductibility of bribes and any gray market payments (regardless of their title as operating, income-related or other expenses) was abolished. The non-deductibility covers all payments and other material grants, the granting or accepting of which is subject to legal penalties.

The Federal Ministry of Justice has the primary responsibility for prosecuting acts of corruption, but in the case of public tenders, the Federal Chancellery may also become involved. Corruption allegations, often anonymous, have arisen regarding various government procurements; but no case thus far has reached the public prosecutor's evidentiary threshold for pursuing prosecution.

B. Bilateral Investment Agreements

Austria has bilateral investment agreements in force with Albania, Argentina, Armenia, Azerbaijan, Bangladesh, Belarus, Belize, Bolivia, Bosnia-Herzegovina, Bulgaria, Cape Verde, Chile, China, Croatia, Cuba, Egypt, Estonia, Hong Kong, Hungary, India, Jordan, Kuwait, Latvia, Lebanon, Lithuania, Malaysia, Macedonia, Mexico, Moldova, Mongolia, Morocco, Oman, Paraguay, Poland, Romania, Slovenia, South Korea, South Africa, Tunisia, Turkey, Ukraine, Uzbekistan, Vietnam, and the Federal Republic of Yugoslavia (FRY). Agreements with Algeria, Iran and Zimbabwe have been signed, but are not yet in effect. Additional agreements with Georgia, North Korea, Philippines, Saudi Arabia and United Arab Emirates have been initialed. Until new agreements take effect, the existing agreements with the former Czechoslovakia continue to apply to the Czech Republic and Slovakia, and that with former Soviet Union to Russia. Austria has begun negotiations with Russia for a new agreement. The government's goal is to achieve a total of 75-80 bilateral investment agreements. Under all these agreements, investment disputes that cannot be settled amicably may be submitted to the International Center for Settlement of Investment Disputes or an arbitration court according to the UNCITRAL arbitration regulations.

The U.S. and Austria are parties to a bilateral double taxation treaty covering income and corporate taxes, which went into effect on February 1, 1998. Another bilateral double taxation treaty covering estates, inheritances, gifts and generation-skipping transfers has been in effect since 1982.

C. OPIC and Other Investment Insurance Programs

OPIC programs are not available for Austria. Since May 1997 Austria has been a member of the Multilateral Investment Guarantee Agency (MIGA).

D. Labor

Austria has a highly educated labor force of about four million people, of which 3.5 million are dependent employees and 500,000 self-employed and farmers. Austria's labor market is more rigid than that of the U.S., but more flexible than some other EU members'. Depending on labor demand, government policies limit the number of foreign workers to between 8-10% of the salaried workforce. In 2002, the number of guest workers, predominantly from the former Yugoslavia and Turkey, averaged 334,100. Austria and Germany have obtained support from the EU to adopt a transition period following EU expansion in 2004 before fully allowing free movement of labor within an expanded EU.

While demographic trends indicate little growth in the labor force over the next few years, other factors, such as productivity gains, industrial restructuring, federal employment incentives for women and older employees, the gradual phase-out of early retirement to raise the actual retirement age, and government efforts to reduce civil service employment are intended to offset the demographics. In general, skilled labor is available in sufficient numbers, however, regional shortages of highly specialized laborers in specific sectors such as systems administration, metalworking, health and tourism services may occur. The government's labor market policy is oriented towards the EU goals of raising the labor market participation rate to 70% (currently 68.3%) by 2010, that of women to 60% (currently 59.4%), and that of workers age 55-64 to 50%. The government also plans to introduce more flexible work hours and a monthly minimum wage of Euro 1,000, and require unemployment recipients to be more flexible regarding which jobs they would accept.

Compared to other EU countries, Austria had a relatively low unemployment rate of 4.3% in 2002, according to EU calculations. The outlook for 2003-2004 suggests an unemployment rate (EU measure) of about 4.3-4.4%, falling only slightly to 4.2% in 2005, assuming real growth of 2.5% that year. Starting in 2005, the number of young people entering the labor market will start to decline due to past low birth rates, so that in the medium-term Austria could confront a labor market shortage. The U.S. Embassy in Vienna has no reports of American firms encountering problems in finding the required staff in the Austrian labor market. The Investor Confidence Survey cited Austria's highly productive and well-educated work force as a major positive feature.

Legislation enacted in early 1996 and again in 1999 is designed to counteract rising unemployment among older workers. It provides financial bonuses for companies hiring workers age 50 and above, and penalties for businesses laying off workers within this age group. After the pension reform of 2000 provided for a higher early

retirement age for all retirees and higher cuts in pension payments for early retirement as a disincentive to workers to retire early, the government's 2003 pension reform provides for a gradual phase out of early retirement by 2014 and a commitment for harmonizing the various pension systems, including that of the civil service.

Terms of employment are closely regulated by law in Austria. Working hours, minimum vacation time (5 weeks), holidays, maternity leave, juvenile work allowances, statutory separation notice, and protection against dismissal are all secured by law. However, the requirements of EU membership promoted an increase in work flexibility. In 2000, the government abolished differential treatment between white and blue collar workers. The night shift ban for women was completely abolished and gender-neutral regulations for night work were introduced by mid-2002 in compliance with EU requirements. A new severance pay system, designed to enhance worker flexibility further, became effective December 31, 2002. Under this new system severance pay funds were established to which employers contribute 1.53% of the monthly pay, and employees have the right to carry their accrued entitlement with them when changing the employer.

Austrian social insurance is compulsory and comprises health insurance, old-age pension insurance, unemployment insurance, and accident insurance. Social insurance contributions are a percentage of total monthly earnings and are shared by employers and employees.

High non-wage payroll costs (70% of direct wage costs) are frequently cited as a reason for Austria's relatively high labor costs. In the past two years these non-wage payroll costs have declined slightly (due to lower employee absences and a lower severance pay burden as large cuts in employment in state-owned industries and major structural changes are completed). The first Schuessel government was committed to cut these costs further, despite challenges from organized labor. However, only a fraction of the promised cut in employer costs was achieved, through tighter leave policies. Other measures, including a reduction of employer social welfare contributions, are again on the agenda of the second Schuessel government. It is unclear whether the government will be able to fulfill its promise given budgetary constraints and a weakening economy.

Close to 50% of the work force is unionized. At least one-third of the members of a corporation's board of directors must come from the firm's staff, and shop stewards must be regularly consulted by the company management on various issues. These co-determination rights of employees are comprehensive and regulated by law. Generally speaking, labor-management relations have been harmonious in post-WWII Austria, as reflected in extremely low strike figures in past decades. This is mainly due to Austria's consensual labor movement, which seeks to shape national economic policies on the basis of business, government, and labor concerns. Over the past two years, OVP-FPO governments have not shied from a more confrontational union-government relationship. Unions have conducted several individual work stoppages, several protest rallies, and one-day strikes over this period. The unions' two major strikes in May/June 2003 protested the government's pension reform plans and its failure to consult the country's labor union federation OGB before sending reform bills to Parliament for approval. These strikes were thus a political action against the government and did not reflect management-labor disputes.

Collective bargaining revolves mainly around wage adjustments, fringe benefits, and reduction of the work week. The government's plan to introduce an annual gross salary of Euro 14,000 as an adequate minimum wage matches the ideas of Austrian labor. While existing legal provisions stipulate a maximum work week of 40 hours, collective bargaining agreements provide for a work week of 38 or 38.5 hours per week for more than half of all employees. Legislation for more flexible work hours has been in place since 1997. However, the government plans to introduce more flexibility by authorizing flex-time in company agreements.

E. Foreign-trade Zones/Free Ports

Austria has no foreign trade zones anymore. It only has two customs warehouses in Vienna and Tyrol province, where products of foreign origin may be stored without the obligation to pay duty. Their impact has been limited, and foreign investors have shown little interest.

F. Foreign Direct Investment Statistics

Following record inflows in 2000 and 2001, new foreign direct investment dropped significantly in 2002 to Euro 1.8 billion (USD 2.1 billion), equal to 0.8% of GDP, the lowest inflow since 1995. This was due to the absence of "mega-deals" such as the takeover by foreign investors of Bank Austria in 2000 or Austria tobacco company in 2001 and in addition to some dis-investment. This raised the value of the foreign direct investment stock in Austria to Euro 41.3 billion (USD 47.5 billion), equal to 19.0% of GDP, of which U.S. firms invested an estimated Euro 2.8 billion (USD 3.2 billion).

Note: Figures converted at the current exchange rate of USD 1.00 for Euro 0.87. The 2002 annual average exchange rate was USD 1.00 for Euro 1.058.

Source: Austrian National Bank statistics on Austrian outward and inward direct investment at the end of 2000, published in June 2002. Available 2001 and 2002 data are from the Austrian National Bank's current account statistics.

Table 1:
Foreign direct investment in Austria 1996-2002

Year	Number of Firms with Direct Foreign Participation	Nominal Capital (Euro billion)	Total equity (1) (Euro billion)
1996	2,362	5.4	15.6
1997	2,464	5.7	17.9
1998	2,525	7.0	20.1
1999	2,542	7.2	23.4
2000	2,588	11.1	32.7
2001 (2)	n/a	n/a	39.5
2002 (2)	n/a	n/a	41.3

Footnotes:

(1) total equity comprises nominal capital, statutory and voluntary reserves, profits/losses carried forward, and net credit position;

(2) preliminary figures.

Table 2:

Foreign direct investment in Austria by country of origin 1996-2000 (in percent of total equity)

Year	U.S.	Switzerland, Liechtenstein	Germany	Italy	Netherlands	Others
1996	7	13	44	3	9	24
1997	7	13	47	4	9	20
1998	8	12	41	8	8	25
1999	8	13	41	7	7	26
2000	6	9	50	5	5	25

Table 3:
Foreign direct investment in Austria by industry sectors in 2000 (latest available figures)

Sector	Total Equity (Euro million)	Employees in 1,000
Mining and Energy	316	1
<u>INDUSTRY</u>		
Metals, Machinery	1,489	31
Vehicles	412	11
Electrical engineering, Electronics	2,293	28
Petroleum, Chemicals	2,385	18
Paper, Wood	878	6
Textiles, Clothing, Leather	252	8
Food, Drink, Tobacco	668	9
Building and Allied Trades	554	8
Miscellaneous	86	2
SUBTOTAL INDUSTRY:	9,016	121
<u>NON-INDUSTRY</u>		
Trade	6,331	72
Transport, Communication	1,775	13
Tourism	259	6
Banking, Insurance, Finance	5,856	21
Real estate, Business related Services	9,092	17
Other Services	60	1
SUBTOTAL NON-INDUSTRY:	23,373	130
<u>TOTAL:</u>	32,705	251

Note: differences due to rounding.

Table 4:
Austrian direct investment abroad 1996-2002

Year	Number of forms with Austrian direct Investment	Nominal capital (Euro billion)	Total equity (1) (Euro billion)
1996	1,810	6.0	10.4
1997	1,942	6.8	12.9
1998	2,006	7.9	14.9
1999	2,095	9.3	19.0
2000	2,227	10.7	26.7
2001 (2)	n/a	n/a	30.6
2002 (2)	n/a	n/a	36.3

Footnotes:

(1) total assets comprises nominal capital, other equity including exchange rate adjustments, and net credit position;

(2) preliminary figures.

Table 5:

Austrian direct investment abroad by country of destination 1996-2000 (in percent of total equity)

Year	U.S.	Switzerland, Liechtenstein	Germany	UK	Hungary	Czech Republic	Others
1996	5	8	20	4	13	9	41
1997	9	9	16	7	11	8	40
1998	8	7	16	10	10	8	41
1999	8	6	14	9	9	7	47
2000	7	5	20	7	7	8	46

Table 6:

Austrian direct investment abroad by industry sectors in 2000 (latest available figures)

Sector	Total Equity (Euro million)	Employees in 1,000
Mining and Energy	333	2
INDUSTRY		
Metals, Machinery	1,804	21
Vehicles	116	8
Electrical engineering, Electronics	692	24
Petroleum, Chemicals	1,212	20
Paper, Wood	770	13
Textiles, Clothing, Leather	79	7
Food, Drink, Tobacco	486	12
Building and Allied Trades	1,557	32
Miscellaneous	73	5
SUBTOTAL INDUSTRY:	6,789	142
NON-INDUSTRY		
Trade	3,209	40
Transport, Communication	92	2
Tourism	231	3
Banking, Insurance, Finance	5,582	34
Real estate, Business related Services	10,158	20
Other Services	280	5
SUBTOTAL NON-INDUSTRY:	19,553	104
TOTAL:	26,675	248

Note: differences due to rounding.

List of Major Foreign Investors:

Some 360 U.S. firms hold investments in Austria, which range from simple sales offices to major production facilities. The following is a short list of U.S. firms holding major investments in Austria:

American Express Bank Ltd.
Andlinger & Company, Inc.
Baxter International Inc.
Cisco Systems, Inc.
Citibank Overseas Investment Corp.
The Coca-Cola Company
CSC Computer Sciences Corporation
Deloitte & Touche LLP
Delphi Automotive Systems
Eastman Kodak Company
Electronic Data Systems Corp.
Exxon Corporation
General Electric Capital Corporation
General Electric Power Systems
General Motors Corp.
Harman International Industries Inc.
Hewlett-Packard Company
Honeywell Inc.
IBM World Trade Corp.
ITT Fluid Technology Corp.
Johnson & Johnson Int.
Johnson Controls Inc.
Kraft Foods International, Inc.
Lear Corporation
Lem Dyn Amp
McDonald's Corporation
Marriott International, Inc.
Mars Inc.
MeadWestvaco Corp.
Merck & Co., Inc.
Modine USA
Otis Elevator Co.
Pioneer Overseas Corp.
PricewaterhouseCoopers LLP
PQ International Inc.
Quintiles Transnational Corp.
Schindler Elevator Corp.
Starwood Hotels and Resorts Worldwide, Inc.
Toys"R"Us, Inc.
United Global Com, Inc.
Unysis Corporation

Verizon Information Services Inc.
Western Wireless International
Worthington Cylinder Corp.
York International
Xerox Corporation

The following is a brief list of firms headquartered in countries other than the U.S., holding major investments in Austria:

Alcatel Holding, Netherlands
Allianz AG, Germany
Amer, Finland
Asea Brown Boveri, Switzerland
Assicurazioni Generali, Italy
Aventis, Germany
Axel Springer Verlag, Germany
Bank for Foreign Trade, Russia
BASF, Germany
Bayer AG, Germany
Bayerische Landesbank, Germany
Bayerische Motorenwerke (BMW), Germany
Bayerische Hypo-Vereinsbank AG, Germany
Bombardier, Canada
Bosch Robert AG, Germany
Borealis, Denmark
BP Amoco, UK
DaimlerChrysler, Germany
Detergenta Investment, Germany
Deutsche Telekom, Germany
Electricite de France, France
Electrolux, Sweden
Epcos AG, Germany
Ericsson, Sweden
Flextronics International, Singapore
Gallaher, U.K.
Heineken, Netherlands
Hipp, Germany
Infineon, Netherlands
Kone Corp., Finland
Koramic, Belgium
Liebherr, Switzerland
Magna, Canada
MAN, Germany
Mazda Corp., Japan
Mondi Europe, Luxembourg and UK
Nestle S.A., Switzerland

NKT Cables, Denmark
Novartis, Switzerland
Nycomed Holding, Denmark
Philips, Netherlands
Rewe, Germany
Rothenberger, Germany
RWE, Germany
Sappi Ltd, South Africa
Shell Petroleum N.V., Netherlands
Siemens, Germany
Smurfit Group, Ireland
Solvay Et Cie, Belgium
Sony, Japan
Sueddeutscher Verlag, Germany
Svenska Cellulosa Ab (SCA), Sweden
Unilever N.V., Netherlands
Voith, Germany
Westdeutsche Allgemeine Zeitung (WAZ), Germany
Westdeutsche Landesbank, Germany

CHAPTER 8 TRADE AND PROJECT FINANCING

A. Synopsis of Banking System

A wide range of credit and financial instruments is offered by all of Austria's banks. The Austrian banking system is highly developed, with worldwide correspondent relations, as well as offices and branches in the United States and other major financial centers. Large Austrian banks also have branches, subsidiaries, and joint venture operations in Central and Eastern Europe. Many major foreign banks, including American, have operations in Austria.

B. Foreign Exchange Controls Affecting Trading

Austria has a fully liberalized foreign exchange regime. There are no limitations on cross-border payments, whether related to foreign trade, capital investments, or other transactions, except to countries under UN or EU sanctions.

C. General Financing Ability

General financing to establish foreign operations in Austria is readily available. Foreign firms enjoy access to Austrian credit and capital markets without restriction. On January 1, 2002, Euro notes and coins were introduced. Since March 1, 2002, the Euro is the only legal tender in Austria and the entire Euro area, which besides Austria includes eleven other member countries. Thus, U.S. investors face no exchange rate risk in Austria vis-a-vis the other eleven EMU participants.

D. How to Finance Exports/Methods of Payment

U.S. exporters to Austria may use domestic or foreign financing to make a wide range of payment arrangements, from advances to letters of credit and bank guarantees. Austrian banks can also help arrange financing for export and investment transactions in Central and Eastern Europe. The Austrian Government has neither a countertrade policy nor specific regulations in this field.

E. Types of Available Export Financing and Insurance

OPIC does not operate in Austria. The ExIm Bank has no active programs in Austria. The risk of political or economic disturbances that could disrupt trade or investment project in Austria is judged to be very low.

F. Project Financing Available

Commercial financing is readily available from Austrian banks and institutions on normal market terms, but international financial institutions are not active in Austria. Concessionary financing may be available for U.S. firms in association with Austrian companies for projects in neighboring Central and Eastern European countries.

G. List of Banks with Corresponding U.S. banking Arrangements

1. Austrian Branches/Subsidiaries of U.S. Banks:

American Express Bank Ltd. TRS Kaerntnerstrasse 21-23 A-1015 Vienna, Austria Tel: (43 1) 515 11-0	Commercial and private Fax: (43 1) 515 11-100
Citibank International plc Austria Branch Schwarzenbergplatz 3 A-1010 Vienna, Austria Tel: (43 1) 717 17-0	Corporate and investment banking - no retail services Fax: (43 1) 712 97 07
GE Capital Bank GmbH Donau-City Strasse 6 A-1223 Vienna, Austria Tel: (43 1) 260 70 9217	Consumer financial services Fax: (43 1) 260 70 9469

2. Austrian Banks with Subsidiaries in the U.S.

Erste Bank der oesterreichischen Sparkassen AG Graben 21 A-1010 Vienna, Austria Tel: (43 1) 50100-0 Fax (43 1) 50100-9-10100 Website: www.erstebank.at	Erste Bank der oesterreichischen Sparkassen AG 280 Park Avenue West Building, 32 nd Floor New York, NY 10017 Tel: (212) 984 5600 Fax (212) 986 1423
Raiffeisen Zentralbank AG Am Stadtpark 9 A-1030 Vienna Tel: (43 1) 717 07-0 Fax (43 1) 717 07-1715	RZB Finance LCC Avenue of the Americas New York 10036 Tel: (212) 845-4100 Fax (212) 944 2093

CHAPTER 9 BUSINESS TRAVEL

A. Business Customs

Business practice and etiquette is basically the same in Austria and America; the major difference is the relatively formal atmosphere in which business generally is conducted in Austria. For example, when making appointments with prospective buyers or clients, it is recommended to make initial contact well in advance, either in writing or by phone, and offer to meet on the premises of the person in question. Another example of Austrian formality is the widespread use of titles, be they in the form of a university degree or a position in a firm or in the government. The most common are "Doktor" (a university degree similar to the U.S. doctorate), "Magister" (similar to the U.S. master of arts), and "Diplom Ingenieur" (similar to the U.S. master of science). Overall, Austrians are generally well disposed toward Americans. Showing understanding for the Austrian way of doing things will prove rewarding.

Business travelers to Austria seeking appointments with U.S. Embassy Vienna officials should contact the Commercial Section in advance as visitors are accepted on an appointment basis only. The Commercial Section can be reached by telephone at (43 1) 313 39-2297, fax at (43 1) 310 69 17 or E-mail at vienna.office.box@mail.doc.gov

The Austrian National Tourist Office, Inc. in North America conducts nationwide and regional promotions, co-op marketing programs and offers numerous support services. Please consult their website: www.austria-tourism.at/us

B. Travel Advisory and Visas

There are no travel advisories specifically for Austria, nor are visas necessary for visits to Austria lasting less than three months. Non-EU citizens will require a residence permit for longer stays.

Toll stickers are required on all vehicles on Austria's major highways. They can be obtained from the Austrian Automobile Clubs as well as post offices, gasoline stations and at borders. The following fees apply in 2003, however, steep increases are planned for 2004: an annual sticker for private cars and motor homes weighing up to 3.5 tons is EUR 72.00 and for motorcycles EUR 29.00; a two-month sticker is EUR 21.80 and EUR 10.90 respectively; and a ten-day sticker costs EUR 7.60 and EUR 4.30 respectively. Stickers must be applied on the upper middle or left side of the windshield in cars and on motorcycles on any good visible part. Motorists who do not possess the appropriate sticker are subject to a fine. Cars rented in neighboring countries may or may not be equipped with the sticker, so please remember to obtain one from your car rental agency.

In Vienna, districts 1, 2, 3, 4, 5, 6, 7, 8, 9 and 20 are so-called "Kurzparkzonen" – Short Term Parking Zones. On weekends, there is free parking, Monday through Friday the parking time is limited to 1 ½ hours from 9:00 a.m. to 7:00 p.m. in the 1st district, and 2 hours from 9:00 a.m. – 8:00 p.m. in all other districts. To use short term parking zones, tickets have to be displayed on the dashboard. They can be purchased at Tabak Trafik's or banks. Throughout the provinces, regulations for short term parking vary. Numerous cities have pay meters, some use cardboard clocks indicating arrival and departure time. They have to also be displayed on the car dashboard.

C. Holidays

The following holidays will be observed in Austria from October 1, 2003, to December 31, 2004:

October 26, 2003	Sunday	National Day
November 1, 2003	Saturday	All Saint's Day
December 8, 2003	Monday	Immaculate Conception
December 25, 2003	Thursday	Christmas Day
December 26, 2003	Friday	St. Stephen's Day
January 1, 2004	Thursday	New Year's Day
January 6, 2004	Tuesday	Epiphany
April 12, 2004	Monday	Easter
May 1, 2004	Saturday	Labor Day
May 20, 2004	Thursday	Ascension Day
May 31, 2004	Monday	Whit Monday
June 10, 2004	Thursday	Corpus Christi Day
August 15, 2004	Sunday	Assumption Day
October 26, 2004	Tuesday	National Day
November 1, 2004	Monday	All Saint's Day
December 8, 2004	Wednesday	Immaculate Conception
December 25, 2004	Saturday	Christmas Day
December 26, 2004	Sunday	St. Stephen's Day

Business visitors should note that the Austrian vacation season is in July and August, and that many decision-makers take extended vacations during that time, sometimes four weeks or more. Business visits or events are not recommended during these two months. Many offices and businesses close Friday afternoons, reflecting the widely implemented 38.5-hour workweek.

D. Business Infrastructure

Transportation:

Direct flights connect Vienna to Washington and New York. Connections to Vienna through other major European hubs are frequent. Austria's modern highways link most cities and numerous border crossings into neighboring countries are easily accessible (although delays should be anticipated crossing non-EU borders). Air travel between major cities in Austria and in the region is available and overland travel by train or bus is comfortable and reliable. Rail travel is pleasant and convenient. Save money by sitting in second class, which provides more than enough comfort within Austria. If you plan extensive traveling, an Austrian Railpass or Eurailpass may be the best value. The Austrian Railpass offers four days of unlimited travel in a 10-day period and includes some major shipping lines. If you are including Austria on a multi-nation itinerary, Eurailpasses are honored in 17 countries. For people wanting unlimited travel, the Eurail ticket provides the option to travel in and between 27 countries in Europe. For detailed rail information as well as purchases of rail tickets, call: DER Rail: (708) 692-6300 or Rail Europe: 1-877-257-2887 between 9am and 9pm EST Monday-Friday, or visit their website at: www.raileurope.com.

CHAPTER 10 ECONOMIC AND TRADE STATISTICS

A. Country Data

Based on Census taken every 10 years

	1991	2002
Population	7.9 million	8.1 million
Population growth rate	0.3%	0.2%
Religion: Roman Catholic	78%	74%
Protestant	5%	5%
Language German	92%	91%
Work Week	37.5-40*	37.5-40*
	*depending on industry	
Government: Constitutional Parliamentary Democracy		

B. Domestic Economy

	2001	2002	2003 *projected
GDP (\$ million, current prices) (1)	243,639.1	249,354.5	254,725.0
GDP Growth Rate, nominal terms (in percent)	2.3	2.3	2.3
GDP Growth Rate, real terms (in percent)	0.7	1.0	0.7
GDP per Capita (\$) (1)	29,959.8	30,613.0	31,220.0
Current Government Spending (as percent of GDP) (2)	28.5	27.4	27.7
Inflation (percent)	2.7	1.8	1.3
Unemployment (percent) (3)	3.6	4.3	4.3
Foreign Exchange Reserves (\$ billion) (4)	n/a	n/a	n/a
Average Exchange Rate for \$ 1.00 (in Euro)	1.117	1.058	0.885
Debt Service Ratio (5)	4.2	3.6	3.3

Footnotes:

(1) all figures converted at the current exchange rate of USD 1.00 for Euro 0.87.

(2) federal government only

(3) EU method.

(4) Since the start of the Economic and Monetary Union (EMU) on January 1, 1999, the Austrian National Bank's foreign exchange reserves are part of the Eurosystem.

(5) ratio of principal and interest payments on foreign debt to foreign income from exports of goods and services.

Source: Austrian Central Statistical Office, Austrian Institute for Economic Research, Austrian National Bank, Austrian Federal Government Budget.

C. Trade

(\$ million) (1)

	2001	2002	2003 *projected
Total Austrian exports (fob)	85,389.2	88,854.0	90,620.0
Total Austrian imports (cif)	90,495.3	88,490.9	89,275.0
U.S. exports to Austria	4,841.4	4,272.1	N/a
U.S. imports from Austria	4,522.8	4,593.7	N/a

Footnote:

(1) all figures converted at the current exchange rate of USD 1.00 for Euro 0.87.

Source: Austrian Central Statistical Office and Austrian Institute for Economic Research.

CHAPTER 11 U.S. & AUSTRIAN CONTACTS

A. Austrian Government Agencies

Embassy of Austria in the United States
3524 International Court N.W.
Washington, DC 20008-3035
Phone: (202) 895-6700 Fax: (202) 895-6750
E-mail: obwas@sysnet.net

Consular Section:
Phone: (202) 895-6709 Fax: (202) 895-6773
E-mail: obwascon@sysnet.net
Website: www.austria.org/contact.htm

Federal Agency for Industrial Cooperation and Development acts as management consulting arm of the Republic of Austria.

In the U.S.:
Austrian Business Agency
c/o Austrian Trade Commission
150 East 52nd Street, 32nd Floor
New York, NY 10022
Tel: (212) 980-7970
Fax: (212) 980-7975
E-Mail: spalomba_aba@compuserve.com

In Austria:
Austrian Business Agency
Opernring 3-5
A-1010 Vienna, Austria
Tel: (43 1) 588 58-0
Fax: (43 1) 586 86 59
E-Mail: austrian.business@telecom.at
www.aba.gv.at

Federal Ministry of Economics and Labor
Stubenring 1
A-1010 Vienna
Phone: (43 1) 711 00-0 Fax: (43 1) 713 93 11 or 713 79 95
E-mail: service@bmwa.gv.at
Website: www.bmwa.gv.at

Federal Ministry of Agriculture, Forestry, Environment and Water Management
Stubenring 1
A-1010 Vienna
Phone: (43 1) 711 00-0 Fax: (43 1) 711 00-2127
E-mail: eva.tauchner@bmlf.gv.at
Website: www.bmlf.gv.at/ge

B. Austrian Trade Associations/ Chambers of Commerce

Austrian Trade Commission operates offices in the U.S. at the following locations:

New York: 150 East 52nd Street
32nd floor, New York, NY 10022
Phone: (212) 421 5250 Fax: (212) 751 4675
E-mail: newyork@wko.at

Illinois: 500 North Michigan Avenue

Suite 1950, Chicago, IL 60611-3794
Phone: (312) 644 5556 Fax: (312) 644 6526
E-mail: chicago@wko.at

California: 11601 Wilshire Blvd.
Suite 2420, Los Angeles, CA 90025
Phone: (310) 477 9988 Fax: (310) 477 1643
E-mail: losangeles@wko.at

The following telephone number can be used for all Austrian Trade Delegates:
1-800-VIP-AHST. Website: <http://www.austriantrade.org>

American Chamber of Commerce in Austria
Porzellangasse 35
A-1090 Vienna, Austria
Phone: (43 1) 319 57 51 Fax: (43 1) 319 51 51
E-mail: office@amcham.or.at
Website: www.amcham.or.at

Wirtschaftskammer Oesterreich (Austrian Federal Economic Chamber)
Wiedner Hauptstrasse 64
A-1045 Vienna, Austria
Phone: (43 1) 501 05-4204 Fax: (43 1) 502 06-255
E-mail: awo.amerika@wko.at
Website: www.wko.at/aw

FEEI - Fachverband der Elektro- und Elektronikindustrie Oesterreichs
(Association of the Electric and Electronic Industry)
Mariahilfer Strasse 37-39
A-1060 Vienna, Austria
Phone: (43 1) 588 39-0 Fax: (43 1) 586 69 71
E-mail: info@feei.at
Website: www.feei.at

ADV Arbeitsgemeinschaft fuer Datenverarbeitung (EDP Association)
Tratternhof 2
A-1010 Vienna, Austria
Phone: (43 1) 533 09 13 Fax: (43 1) 533 09 13-77
E-mail: office@adv.at
Website: www.adv.at

Oesterreichische Computer Gesellschaft (Austrian Computer Society)
Wollzeile 1-3
A-1010 Vienna, Austria
Phone: (43 1) 512 02 35 Fax: (43 1) 512 02 35-9
E-mail: ocg@ocg.at
Website: www.ocg.at

OEGUT - Oesterreichische Gesellschaft fuer Umwelt und Technik
(Austrian Association for Environment and Technology)
Hollandstrasse 10/46
A-1020 Vienna, Austria
Phone: (43 1) 315 63 93-0 Fax: (43 1) 315 63 93-22
E-mail: office@oegut.at
Website: www.oegut.at

C. Austrian Commercial Banks

Bank Austria Creditanstalt AG
Am Hof 2
A-1010 Vienna, Austria
Phone (43 1) 711 91-0
or (43) 0 505 05-0
Fax: (43 1) 711 91-56155
E-mail: info@ba-ca.com
Website: www.ba-ca.com

Creditanstalt AG was integrated into
Bank Austria in 2002

Erste Bank der
Oesterreichischen
Sparkassen AG
Graben 21
A-1010 Vienna
Austria
Phone: (43) 0 501 00-0
Fax: (43) 0 501 009-10100
E-mail: helpdesk@s-servicecenter.at
Website: www.erstebank.at

Raiffeisen Zentralbank
Oesterreich AG
Am Stadtpark 9
A-1030 Vienna
Austria
Phone: (43 1) 717 07-0
Fax: (43 1) 717 07-1715
Website: www.rzb.at
Website: www.raiffeisen.at

D. U.S. Commercial Service

U.S. Embassy in Austria
Boltzmanngasse 16
A-1091 Vienna, Austria
Phone: (43 1) 313 39-0
Fax: (43 1) 310 69 17
E-mail: vienna.office.box@mail.doc.gov
Websites: www.importusa.at
www.usatrade.gov

To mail from the United States:
Commercial Service Vienna
9900 Vienna Place
Washington, DC 20521-9900

E. U.S.-Based Associations

The below Associations represent the industries of the best prospects for U.S. products & services in Austria. This should not be considered a conclusive list of all trade associations nor infer that they have offices located in Austria. For a listing of an extensive listing of International Trade Associations, please visit the site of the Federation of International Trade Associations (FITA) at: www.fita.org

The Association for Manufacturing Technology
7901 Westpark Dr.
McLean, VA 22102-4206
Phone: (703) 893-2900 Fax: (703) 893-1151
E-mail: amt@mfgtech.org
Website: www.mfgtech.org

Advanced Medical Technology Association
1200 G. Street, N.W. Suite 400
Washington, DC 20005-3814
Phone: (202) 783-8700 Fax: (202) 783-8750
E-mail: info@advamed.org
Website: www.himanet.com

American Electronics Association
5201 Great America Pkwy, Suite 520
Santa Clara, CA 95054
Phone: (408) 987-4200 Fax: (408) 986 1247
E-mail: csc@aeanet.org
Website: www.aeanet.org

Dental Manufacturers of America
123 S. Broad Street, Suite 2030
Philadelphia, PA 19109-1020.
Phone: (215) 731-9975 Fax: (215) 731-9984
E-mail: staff@dmanews.org
Website: www.dmanews.org

National Electrical Manufacturers Association
Diagnostic Imaging & Therapy Systems Div.
1300 N. 17th Street, Suite 1847
Rosslyn, VA 22209
Phone: (703) 841 3200 Fax: (703) 841 5900
E-mail: webmaster@nema.org
Website: www.nema.org

Telecommunications Industry Association
2500 Wilson Blvd. Suite 300
Arlington, VA 22201-3834
Tel.: (703) 907 7700 Fax: (703) 907 7727
Website: www.tiaonline.org

Telecommunications Industry Association
Government Relations and International Affairs
1300 Pennsylvania Ave, N.W. Suite 350
Washington, D.C. 20004
Phone: (202) 383-1480 Fax: (202) 383-1495
Website: www.tiaonline.org

Environmental Industry Associations
(National Solid Wastes Management Assoc. – NSWA)
(Waste Equipment Technology Association – WASTEC)
4301 Connecticut Ave, N.W., Suite 300
Washington, D.C. 20008
Phone: (202) 244-4700 Fax: (202) 966 4818
Website: www.envasns.org

U.S.-Austrian Chamber of Commerce, Inc.
165 West 46th Street, Suite 1112
New York, NY 10036
Phone: (212) 819-0117 Fax: (212) 819-0345
Website: www.usatchamber.com

F. Washington-Based U.S. Government Contacts

Kelly Parsons, International Trade Specialist
Austria Desk, Room 3865
Office of Market Access and Compliance
U.S. Department of Commerce
14th & Constitution Ave, N.W.
Washington, DC 20230
Phone: (202) 482-2434 Fax: (202) 482-2897
E-mail: Kelly_Parsons@ita.doc.gov

Europe Team Leader
FAS/ITP/EAMED
Room 5517-S
U.S. Department of Agriculture
Washington, DC 20250-1024
Phone: (202) 720-1340 Fax: (202) 690-2079
Website: www.fas.usda.gov

U.S. Department of Agriculture
Foreign Agricultural Service
attn: Maureen Quinn
Director, Public Affairs
Room 5074-S
Washington, D.C. 20250-1004
Phone: (202) 720-3448 Fax: (202) 720-1727
E-mail: info@fas.usda.gov
Website: www.fas.usda.gov

John K. Greifer, Director
Trade Support Team
U.S. Department of Agriculture
APHIS
Room 1132, SO. Bldg.
12th and Independence Ave., SW
Washington, DC 20252
Phone: (202) 720-7677 or 78 Fax: (202) 690-2861
E-mail: John.K.Greifer@usda.gov

Janet G. Thomas, Director
Multilateral Development Bank Operations
U.S. Department of Commerce
USA Trade Center
14th Street N.W.
Washington, D.C. 20230
Phone: (202) 482-3399 Fax.: (202) 482-3914
Website: www.mac.doc.gov/eebic

TPCC Trade Information Center in Washington:
1-800-USA-TRADE (1-800-872-8723), Fax: (202) 482-4473
ITA's Home Page: <http://www.ita.doc.gov>
National Trade Data Bank (NTDB): <http://www.stat-usa.gov/>

Austria information: <http://www.austria.org/ausinfo.shtml>
Economic news from Austria: <http://www.austria.org/econ11.shtml>

CHAPTER 12 MARKET RESEARCH

A. Foreign Agricultural Service Commodity Reports/Market Briefs

The following annual reports will be issued during FY' 04:

1. Retail Food Sector Report (November 2003)
2. Competitor annual (November 2003)
3. Organic Report (date to be determined)
4. Livestock and products annual (August 2003)
5. Oilseeds and Products (March 2004)
6. Food processing sector (date to be determined)
7. Exporter Guide (September 2004)

NOTE: FAS reports are available from the Reports Office, USDA/FAS, Washington, DC 20250 and from the USDA home page: <http://www.fas.usda.gov>

B. Department of Commerce Industry Subsector Analysis

The following ISA's are planned to be drafted during FY'04:

1. Gas Liberalization in Austria (July 2004)
2. Civil Aircraft and Parts (July 2004)
3. Trends in the ICT-sector in Austria (September 2004)
4. Passenger Vehicles (September 2004)
5. The Austrian Market for Pharmaceuticals (September 2004)
6. Waste Recycling Equipment & Technologies (September 2004)

NOTE: U.S. Department of Commerce reports are available in the National Trade Data Bank (NTDB) and from the USDOC homepage: www.usatrade.gov

CHAPTER 13 TRADE EVENT SCHEDULE

A. Scheduled Agricultural/Food Trade

- 1) Event: Seafood-Wine-Rice-Seminar
Sector: Hotel/Restaurant Industry, Trade
Date: Spring 2004
Location: Tourismsschule Bad Gleichenberg
Post Recruiting:
FAS Vienna Contact: Andrea Fennesz-Berka, Marketing Specialist
Tel: (431) 313.39 ext. 2364
E-Mail: fennesz-berkaa@fas.usda.gov
- 2) Event: Organic Products Trade Mission to Organic Trade Show for Press
Members from Austria and Central Europe
Sector: Restaurant, Retail, Wholesale, Trade
Date: Spring 2004
Location: USA – Chicago and West Coast
Post Recruiting:
FAS Vienna Contact: Andrea Fennesz-Berka, Marketing Specialist
Tel: (431) 313.39 ext. 2364
E-Mail: fennesz-berkaa@fas.usda.gov

B. Scheduled Trade Events – U.S. Commercial Service Vienna

- 1) Event: Seminar: Internet Security Solutions
Sector: Information Technology
Date: November 25, 2003
Location: Vienna
Post Recruiting: CS Vienna
CS Vienna Contact: Ingeborg Doblinger
Tel: (431) 31339 ext. 2120
E-Mail: ingeborg.doblinger@mail.doc.gov
- 2) Event: MBA Fair 2004
Sector: Educational Services
Date: Second Half of September 2004
Location: Vienna
Post Recruiting: CS Switzerland and CS Vienna
CS Vienna Contact: Manfred Weinschenk, Senior Commercial Adviser
Tel: (431) 313 39 ext. 2285
E-Mail: manfred.weinschenk@mail.doc.gov

For an up to date schedule of the U.S. Commercial Service Trade Events in Austria please consult www.usatrade.gov under Trade Events.

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